

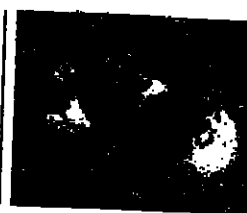
FINANCIAL TIMES

World Business Newspaper <http://www.ft.com>

FRIDAY SEPTEMBER 4 1998



FT Weekend tomorrow
Damien Hirst scores
again with art
and commerce



Globalisation
Has the free market
failed disastrously?
Robert Chote, Page 11



Norway's economy
No wonder the prime
minister is depressed
Page 3

Rinsurance 98
Insurers merge amid
market uncertainty
Separate section



PUBLISHED WITH TOMORROW'S WEEKEND FT
How to spend it colour magazine
is the game up for Russia's new kleptocracy?

WORLD NEWS

North Korea poised to launch second missile, Japan says

Japanese defence forces were put on emergency alert yesterday as Tokyo warned that North Korea was poised to fire a second missile at the Japanese archipelago. Last Monday, a North Korean missile crossed Japan and landed in the Pacific. In retaliation, Tokyo suspended food aid and talks over normalising relations. Page 12; Lack of military readiness, Page 7

Kosovo fighting unabated
Fighting continued in Serbia's Kosovo province. Government forces shelled southern separatists for a second day. Page 3

Access still denied, says inspector
UN monitors in Iraq are still being denied access to sites previously approved by Baghdad, chief UN weapons inspector Richard Butler told the Security Council. The US and UK have introduced a draft resolution that would suspend sanctions reviews until Iraq reverses its freeze on co-operation with the inspectors.

French minister in coma
French interior minister Jean-Pierre Chevènement, 58, was in a coma after his heart stopped during routine surgery at a Paris hospital. Page 2

Nigerian party formed
Nigerian politicians have formed a second big political party to contest elections to end military rule. The All Peoples' Party groups 34 smaller associations.

Afghan massacre alleged
Afghanistan's Taliban militia killed thousands of Hazara civilians after capturing the northern town of Mazar-i-Sharif on August 8, human rights group Amnesty International said. Page 5

S Korean police storm factories
South Korean riot police stormed all six Mando Machinery factories to end a strike over planned layoffs at the autoworker maker.

Terrorists expel ex-leader
Basque separatist group Eta said it expelled ex-leader José Luis Alvarez, currently jailed in France, because he favours giving up arms and calling a truce which could lead to talks with the Spanish government.

Chinese talks set to resume
Taiwan's top political envoy, Koo Chen-fu, accepted a Chinese invitation to visit the mainland next month and resume talks suspended since 1995.

Bangladesh clash over US project
Bangladesh police broke up a Chittagong protest against the \$438m construction of Bangladesh's first private container terminal by US company Stevedoring Services.

Satellite receivers seized
Iranian police have seized nearly 550 banned satellite television receivers, blamed by the country's Islamic authorities for promoting a western "cultural onslaught".

BUSINESS NEWS

Hitachi shares fall as group forecasts net loss of \$1.8bn

Hitachi shares tumbled 7 per cent after Japan's biggest electronics company forecast its first net loss of ¥250bn (\$1.8bn) in the year to next March. It blamed lower sales after the collapse in semiconductor and electronics prices. Page 13; Law, Page 12

Royal Dutch/Shell and Texaco
of the US plan to pool much of their European refining and marketing assets in a joint venture that will be dominated by the Anglo-Dutch group. Page 13; Back-ground and comment, Page 18; EIT talks down prospect of mega-merger, Page 16

Enterprise Oil, British oil explorer, reported an 85 per cent collapse in first half pre-exceptional net profits to £12m (\$19.5m). Page 18 and comment

The Quattrini family, which owns about 49 per cent of BMW shares, dismissed speculation that it intended to alter its equity holding in the German carmaker. Page 16

Casino, French retailer, said it was to take a 50 per cent stake in Disco group, Uruguay's leading food retailer, in a cash deal which valued the target at FF720m (\$118m). Page 16

Michelin, French tyre maker, bought a 98 per cent stake in Industria Colombiana de Llaneros, Colombia's largest tyre manufacturer, in a \$73.4m deal.

Minarco, Luxembourg-based subsidiary of South Africa's Anglo American group, said it was not able to buy back some of its shares, but might make an offer for the 43.2 per cent of US agribusiness Terra that it did not own. Page 16

Cimpor, Portugal's biggest cement group, acquired Tunisian cement company Société des Ciments de Jbel Oust for \$58.2bn (\$212.7m). Page 18

Futures trading firms reacted angrily to the collapse of the "common clearing" plan which would have seen the Chicago Board of Trade and the Chicago Mercantile Exchange pool their back office functions. Page 13

The US dollar stunned analysts when it fell in value in Europe and the US as equity markets fell and Treasury prices climbed higher on new concerns about the global economy. Page 23

Venezuelan Aluminium Consortium, the only qualified bidder in the privatisation of Venezuela's aluminium complex, withdrew, scuppering the government's third sale attempt. Page 15

Euro Prices

A comprehensive statistical guide to the new euro currency zone, showing foreign exchange, bond and equity markets. Page 21

WORLD MARKETS

STOCK MARKET INDICES		GOLD	
New York: Dow Jones	7588.08	New York: Open	328.2
Dow Jones Ind. Av.	1572.04	Settle	328.25
NASDAQ Composite	2512.18	London: Gold	328.25
Europe: Nikkei 225	14,891.24	London: Silver	1.7975
FTSE 100	5118.7	London: Platinum	1.7975
DAX	3545.46	London: Rhodium	1.7975
US: S&P 500	107.08	London: Iridium	1.7975
US: Nasdaq	2512.18	London: Ruthenium	1.7975
US: Dow Jones	7588.08	London: Palladium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500	107.08	London: Rhodium	1.7975
US: Nasdaq	2512.18	London: Iridium	1.7975
US: Dow Jones	7588.08	London: Ruthenium	1.7975
US: S&P 500			

WORLD NEWS

EUROPE

CAVALLO VISIT ARCHITECT OF ARGENTINA'S SUCCESSFUL CURRENCY BOARD SUMMONED TO MOSCOW FOR ADVICE ON FINANCIAL CRISIS

Swift Russian stabilisation programme urged

By Chrystia Freedland in Moscow

Russia must swiftly introduce a radical financial stabilisation programme if it is to prevent the economy from plunging into hyperinflation, Domingo Cavallo, Argentina's former economy minister, said yesterday after two days of consultations with the Russian government.

"The currency has already devalued a lot," Mr Cavallo said in an interview with the FT. "This process will continue unless there is appropriate action taken soon by the government... I hope they will do something within the next few weeks."

Mr Cavallo, architect of Argentina's successful currency board system, was summoned to Moscow this week to offer the government urgent advice on how to cope with its mounting financial crisis.

A currency board takes control of monetary policy out of the hands of government and automatically sets interest rates according to the level of foreign currency reserves it holds, at a fixed exchange rate.

On arrival, Mr Cavallo immediately found himself at the centre of a crucial debate over the nation's future. On one side are advocates of radical stabilisation measures, led by Boris Fyodorov, deputy prime minister, and advised by Mr Cavallo. They are opposed by a more conservative lobby, which is pushing for a return to command-economy measures such as currency controls and soft credits.

Mr Fyodorov and his team are currently at work on a reformist emergency stabilisation programme, drawing heavily on Mr Cavallo's experience in Argentina. The question now is whether that programme will win the wider backing of the politically shaky Russian government.

If Mr Fyodorov's approach is triumphant, Russian newspapers speculated it could be unveiled by Victor Chernomyrdin, the acting prime minister, in parliament today.

Mr Cavallo, who may be on his way to guru status in the former Soviet bloc - he is advising Ukrainian officials in Kiev today - became an instant celebrity in Moscow, with radio stations playing Argentinean tangos to welcome him to the Russian capital and newspapers featuring extensive accounts of Argentina's victory over hyperinflation.

Although some western economists have been sceptical about the applicability of a currency board system to Russia, Mr Cavallo said Mr Fyodorov's team had the technical ability to implement a radical stabilisation plan.

"If they decide to implement a monetary reform like the one we implemented in Argentina, they have the technical capacity to do it," he said.

The big question, Mr Cavallo said, was whether Russia's leaders, who have been weakened by a political crisis, would summon the political will to pursue difficult reforms.

Perhaps, surprisingly, some of the influential Russian financiers who have often been viewed as enemies of reform appear to be actively lobbying for Mr Cavallo's advice to prevail.

Mr Cavallo said that in Moscow he met leading businessmen, including Boris Berezovsky.

This week Mr Berezovsky publicly championed Mr Cavallo and called on the government to opt for a tough stabilisation plan.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

to cope with its mounting financial crisis.

A currency board takes control of monetary policy out of the hands of government and automatically sets interest rates according to the level of foreign currency reserves it holds, at a fixed exchange rate.

On arrival, Mr Cavallo immediately found himself at the centre of a crucial debate over the nation's future. On one side are advocates of radical stabilisation measures, led by Boris Fyodorov, deputy prime minister, and advised by Mr Cavallo. They are opposed by a more conservative lobby, which is pushing for a return to command-economy measures such as currency controls and soft credits.

Mr Fyodorov and his team are currently at work on a reformist emergency stabilisation programme, drawing heavily on Mr Cavallo's experience in Argentina. The question now is whether that programme will win the wider backing of the politically shaky Russian government.

If Mr Fyodorov's approach is triumphant, Russian newspapers speculated it could be unveiled by Victor Chernomyrdin, the acting prime minister, in parliament today.

Mr Cavallo, who may be on his way to guru status in the former Soviet bloc - he is advising Ukrainian officials in Kiev today - became an instant celebrity in Moscow, with radio stations playing Argentinean tangos to welcome him to the Russian capital and newspapers featuring extensive accounts of Argentina's victory over hyperinflation.

Although some western economists have been sceptical about the applicability of a currency board system to Russia, Mr Cavallo said Mr Fyodorov's team had the technical ability to implement a radical stabilisation plan.

"If they decide to implement a monetary reform like the one we implemented in Argentina, they have the technical capacity to do it," he said.

The big question, Mr Cavallo said, was whether Russia's leaders, who have been weakened by a political crisis, would summon the political will to pursue difficult reforms.

Perhaps, surprisingly, some of the influential Russian financiers who have often been viewed as enemies of reform appear to be actively lobbying for Mr Cavallo's advice to prevail.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

Although some western economists have been sceptical about the applicability of a currency board system to Russia, Mr Cavallo said Mr Fyodorov's team had the technical ability to implement a radical stabilisation plan.

"If they decide to implement a monetary reform like the one we implemented in Argentina, they have the technical capacity to do it," he said.

The big question, Mr Cavallo said, was whether Russia's leaders, who have been weakened by a political crisis, would summon the political will to pursue difficult reforms.

Perhaps, surprisingly, some of the influential Russian financiers who have often been viewed as enemies of reform appear to be actively lobbying for Mr Cavallo's advice to prevail.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

Although some western economists have been sceptical about the applicability of a currency board system to Russia, Mr Cavallo said Mr Fyodorov's team had the technical ability to implement a radical stabilisation plan.

"If they decide to implement a monetary reform like the one we implemented in Argentina, they have the technical capacity to do it," he said.

The big question, Mr Cavallo said, was whether Russia's leaders, who have been weakened by a political crisis, would summon the political will to pursue difficult reforms.

Perhaps, surprisingly, some of the influential Russian financiers who have often been viewed as enemies of reform appear to be actively lobbying for Mr Cavallo's advice to prevail.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.



Cavallo: currency board advice

Cavallo's advice to prevail. Mr Cavallo said that in Moscow he met leading businessmen, including Boris Berezovsky.

This week Mr Berezovsky publicly championed Mr Cavallo and called on the government to opt for a tough stabilisation plan.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

Although some western economists have been sceptical about the applicability of a currency board system to Russia, Mr Cavallo said Mr Fyodorov's team had the technical ability to implement a radical stabilisation plan.

"If they decide to implement a monetary reform like the one we implemented in Argentina, they have the technical capacity to do it," he said.

The big question, Mr Cavallo said, was whether Russia's leaders, who have been weakened by a political crisis, would summon the political will to pursue difficult reforms.

Perhaps, surprisingly, some of the influential Russian financiers who have often been viewed as enemies of reform appear to be actively lobbying for Mr Cavallo's advice to prevail.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

"The only way to produce stabilisation is with some support from the International Monetary Fund and the G-7," he said.

Mr Cavallo said that assistance from the west would be particularly important.

NEWS DIGEST

FRENCH MINISTER IN COMA

Chevènement 'has heart attack'

Jean-Pierre Chevènement, French interior minister, was in a coma yesterday after suffering cardiac arrest during routine surgery.

The office of Lionel Jospin, the prime minister, said that the 59-year-old minister's hospital stay would be prolonged as a result, and he would be unable to resume his functions at the start of next week.

Mr Jospin has proposed that overseas minister Jean-Jacques Queyranne take over as interim interior minister. The leader of the left-wing Mouvement des Citoyens, Mr Chevènement gained international prominence when he quit as defence minister at the start of the 1991 Gulf war to protest against France's participation in the US-led coalition. He has been seen by some as a possible future prime minister. David Owen, Paris

ITALY CHALLENGE

Change course, Prodi told

The leader of Italy's far left party challenged Romano Prodi's government yesterday to change course or risk losing its majority in the lower house of parliament.

Fausto Bertinotti, general secretary of the Reconstructed Communists party, said he was raising the political stakes to ensure the centre-left government took his party's proposals seriously, mainly on employment and health.

But supporters of Armando Cossutta, the party chairman, seemed increasingly at odds with Mr Bertinotti's position and said a divergence of opinion was emerging within the hard left on its relations with the Prodi administration. The government depends on the votes of the 34 Marxist deputies in the Chamber of Deputies for its majority.

"We want to raise the stakes as we have asked the government to make commitments which until now they have not adopted," Mr Bertinotti said. "For us, the line is clear. Either there is a change of policy or there will be breakdown in the majority," he added. Reuters, Rome

MALTESE ELECTION

EU decision for voters

Both main parties are forecasting victory in Malta's general election tomorrow, with voters being offered another chance to decide on the island's future relations with the European Union.

The Labour government and its prime minister, Alfred Sant, lost a one-seat majority earlier this year when Dom Mintoff, 83, the former party leader, defected to the opposition.

The opposition Nationalist party, led by Eddie Fenech Adami, has based its campaign on seeking EU membership, though Malta is unlikely to be able to join until 2005 at the earliest.

But it has also focused on issues such as lowering water and electricity costs, as well as increasing demand in the domestic economy.

Mr Sant opposes EU membership but is holding talks with Brussels on creating a free trade zone. Godfrey Grima, Valletta

PRE-ELECTION POLL

Germans see harder lives

More than half of Germans expect to have to work harder and for lower wage rises because of intensifying global economic pressures, according to an opinion poll published today. The survey highlights Germans' sensitivities at a time when unemployment stands at about 4m.

Germany has some of the world's highest labour costs and most generous holidays. The issue of how to improve competitiveness to tackle the high joblessness has become a key issue in the political debate ahead of the September 27 national elections.

Germans are less concerned about the threat of competition from Asian countries in the wake of the region's economic and financial crisis, the survey found. But they are pessimistic about their future standard of living: almost two-thirds expect their incomes to stagnate or decrease, the survey, published by the German chemicals employers' federation, shows.

The survey found 57 per cent of people thought Germans would have to work longer hours and reduce wage demands if the country was to stay ahead in international competition. About 3,103 people were polled in east and west Germany by the Emnid Institute, one of Germany's leading polling organisations. About 64 per cent of people thought their standard of living would decline or remain at current levels. Graham Bowley, Frankfurt

MEMBERSHIP PUSH

Call to speed EU talks

Jan Krzysztof Bielecki, Poland's representative at the European bank for Reconstruction and Development (EBRD) and a former prime minister, has called on the country's authorities to speed preparations for European Union membership.

Mr Bielecki said Russia's financial crisis made it imperative Poland should join the EU as soon as possible. He has appealed to the government, parliament and the president to issue a joint declaration that Poland will be ready to join the EU in 2000.

This is two years earlier than the date officially adopted by Poland as the time the country will be ready for membership. The year 2002 has been pencilled in by the European Commission as the moment when Poland should be ready to join. Christopher Bobinski, Warsaw

RADAR BASE CLOSING

War 'over for Latvia'

A Russian radar base, the final vestige in the Baltic states of the cold war, has been decommissioned, paving the way for the withdrawal of the last Russian troops from the region.

The radar has been turned off at the Skrunda base in Western Latvia, part of a sprawling Soviet-era early warning missile system. According to a bilateral agreement between Latvia and Russia, the radar will be dismantled and the 400 remaining Russian soldiers will depart over the next 18 months.

Vadislav Birka, Latvia's foreign minister, said the second world war was finally over for Latvia.

Moscow had withdrawn most of its troops from the Baltic state by 1994, but cajoled a four-year extension to operate Skrunda, saying at the time the base was crucial to its early warning missile system.

Jürgen Hubbschen, representative of the Organisation for Security and Co-operation in Europe, which is supervising the withdrawal, said the Russian-Latvian co-operation was "perfect, following not only the wording, but also the spirit of the agreement." Matej Vipotnik

HOUSEHOLD DEPOSITS CENTRAL BANK ORDERS TRANSFER OF ACCOUNTS TO SAVINGS BANK

Russian banks claim 'expropriation'

By John Thornhill in Moscow

Russian banks yesterday reacted with outrage to the central bank's orders to allow household deposits from six commercial banks to be transferred to Sberbank, the state-backed savings bank, saying it could result in a deluge of writs.

Victor Bukato, chairman of Mosbiznesbank, one of the six banks to be affected, said: "The order transferring these sums amounts to expropriation."

The central bank's move is designed to guarantee household deposits and prevent panicked customers from withdrawing all their money from the banking system. The central bank said every depositor could choose whether to transfer their deposits to Sberbank although they would not be able to withdraw their money immediately, meaning their value would be eroded by the rapid fall in the rouble.

Analysts said the move was a brave gesture but were unsure whether it was

a prelude to withdrawing licences from the troubled banks, many of which are now involved in convoluted merger talks. The six banks, Menatep, Most, SBS-Agro, Inkombank, Mosbiznesbank, and Promstroibank, include some of Russia's biggest financial institutions, linked to powerful "oligarchs".

On Wednesday, Alexander Smolensky, chairman of SBS-Agro, which the central bank wants to nationalise, blamed the government for the banking sector's liquidity crisis after it forcibly restructured the government debt (GKO) market. "This so-called restructuring of the GKO market is just plain robbery: \$20bn has been washed out of Russia's financial system. Like Bolsheviks, they just took away this money," he said.

But the central bank has been trying to keep the troubled banking sector afloat by lowering the banks' minimum reserve requirements. This week, it cut the reserve requirement from 10 per cent to 7.5 per cent.

Roland Nash, economist at MFK Renaissance, an investment bank, said this injection of liquidity was mainly responsible for the sharp fall in the rouble yesterday to 18.46 to the US dollar. He estimated that every one

percentage point fall in the banks' minimum reserve requirements injected \$2.5bn (\$185m) into the banking system.

"The reasoning of the central bank is that it injects

liquidity into the banking system so that the banks are able to provide depositors with their cash," he said. "But the banks just take these new roubles and change them into dollars."

Mr Nash said that the central bank's move was a brave gesture but were unsure whether it was

Oslo's slalom government heads for a hard landing

Norway's prime minister has taken a week's sick leave to try to overcome work related blues but economists say they will take longer to beat than that, reports Tim Burt

No wonder Kjell Magne Bondevik is depressed. The prime minister of Norway, who earlier this week announced he was suffering from "depressive reaction to overwork", has watched with growing alarm as the economy has lurched towards a downturn.

When Mr Bondevik's minority centre-right coalition came to power last September, most analysts agreed it would take a government of starting incompetence to upset the oil-fuelled economy.

Now, however, the picture is looking bleaker. Crude prices have tumbled, undermining the country's oil surplus. The krone has declined sharply, in spite of seven interest rate rises by the central bank. Government-imposed delays on new oil projects have hurt investment in the offshore engineering industry. And hopes of wage moderation have evaporated with a spate of over-generous settlements.

Even before the market

volatility prompted by Russia's turmoil, the Oslo Total-Index lost more than 20 per cent of its value in August. The krone reached a six-year low against the D-Mark.

Interest rates, which began the year below 4 per cent, have more than doubled. If that was not enough, the

current account surplus of Nkr32bn (\$11.6bn) this year. That estimate has now been cut to Nkr27bn.

Meanwhile, the over-exposure of the Oslo bourse to oil and shipping stocks has contributed to sharp falls. The market has under-performed in line with oil prices, while the fallout from Asia has also hurt large companies such as Kvaerner, which yesterday reported first-half profits down from Nkr840m to Nkr286m.

Last autumn, Mr Bondevik also inherited a budget from his Labour party predecessors containing a fiscal policy too loose to cool the economy.

"Norwegian voters bear a certain responsibility for this mess," according to Marius Loe, chief analyst at Christiania Markets in Oslo. "They voted for parties who wanted to increase spending without tightening fiscal policy any further."

For the past year, the coalition has been squeezed by the conflicting demands of rival parliamentary fac-

cent this year to just 0.5 per cent in 1998. It said the outlook for 1999 represented the lowest growth for the mainland economy in eight years.

To be fair, the problems are not solely of the government's making. The impact of the falling oil price should not be underestimated. Oil revenues account for more than 15 per cent of GDP, and were expected to contribute to a

government coalition - commanding just 42 of the 165 seats in parliament - has failed to tighten fiscal policy or significantly reduce government spending.

Mr Bondevik, whose administration has been dubbed the "slalom government", has now taken a week's sick leave to try to overcome his work-related blues. But Norwegian economists say it will take a great

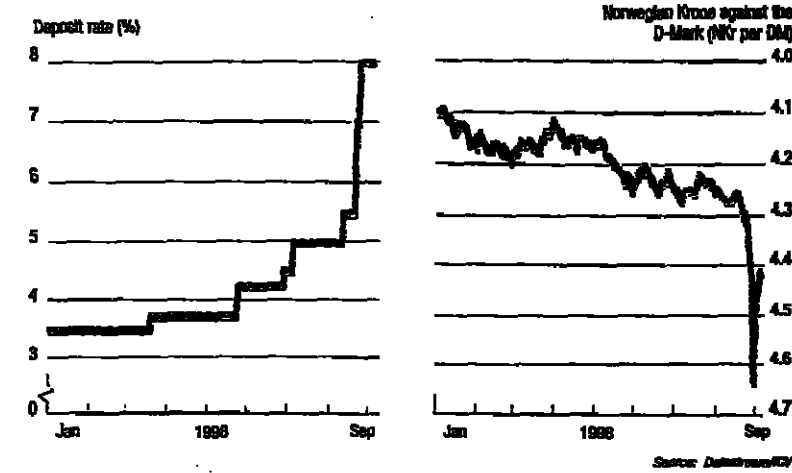
deal longer than that, and warn that the country might have to suffer a hard landing first.

Yesterday, the country's statistical bureau confirmed that a slowdown was likely, with new figures forecasting gross domestic product growth falling from 3.5 per

Norway: now the economic picture looks bleaker



Kjell Magne Bondevik, prime minister



tions, unable to agree on the necessary medicine to cure the economy.

On the left, the Labour party has been unwilling to sanction cuts in the welfare system. On the right, the Conservative and Progress parties have resisted increases in taxation.

To make matters worse, Norway's so-called "solidarity alternative" has broken down. In theory, economic policy is founded on three pillars, where the central bank uses monetary policy only to stabilise the krone, the government relies on fiscal policy to control domestic demand and wage moderation is supposed to curb inflationary pressures.

Fiscal policy, however, has not been tightened sufficiently from the coalition, the bank has set the economy on course for a hard landing by increasing interest rates and spending Nkr5.5bn to defend the currency since mid-July.

The krone has hardly responded to the treatment. Yet the real pain is being suffered by Norwegian commercial and private borrowers, who have seen business lending rates and mortgage costs rise inexorably.

It is a painful scenario for Mr Bondevik, who has temporarily handed over his duties to Anne Enger Lahnstein, leader of the 11-seat Centre party.

Her instinct is to maintain high state spending, especially on the elderly and families with children. And she is reluctant to penalise

employers and employees by raising corporate and income taxation.

If Mr Bondevik's government is to salvage any economic credibility, next month's budget will have to contain harsh measures to avoid overheating. But his absence could further hamper attempts to reach a cross-party deal on the necessary budgetary medicine.

"There is a slight chance that there could be a greater [political] will to co-operate," says Mr Loe. "But Mr Bondevik has an illness now, and the differences between the parties are still there."

Additional reporting by Valeria Skold

Kosovo fighting overshadows progress in talks

By Gay Dinnars in Belgrade

Heavy fighting yesterday in Serbia's province of Kosovo overshadowed progress by US mediators in securing an agreement between Belgrade and ethnic Albanian leaders on a framework for future negotiations.

Diplomatic observers reported that government forces shelled separatist militants for a second day in villages between the Albanian border and Prizren, the main town in the south of Kosovo. Local journalists said 35 Kosovo Liberation Army (KLA) rebels and five Serbian policemen were killed on Wednesday.

Police also closed off the main east-west highway between Pec and the provincial capital of Pristina, while a large government offensive continued in central Kosovo. Thousands of ethnic Albanian refugees are trapped out in the open and aid workers said infants were dying of exposure with the onset of wet, cold weather.

After months shuttling between Belgrade and Pristina, Chris Hill, the US mediator, this week persuaded both sides to put off talks on Kosovo's final status for three to five years. Negotiations over coming months are to focus on reaching an "interim agreement", to include a ceasefire, confidence-building measures, the return of refugees and the extent of self-government for the province's 2m people.

Slobodan Milosevic, president of the rump federal Yugoslavia, said on Tuesday that talks would begin on "an appropriate degree of autonomy" for Kosovo. Ibra-

him Rugova, the Kosovo Albanian leader whose calls for independence find no support within the international community, agreed to the US-proposed timetable the next day.

One senior diplomat described the development as a "procedural breakthrough". US troubleshooter Richard Holbrooke used the same phrase when Mr Milosevic and Mr Rugova met for the first and only time on May 15. The Kosovo Albanian side broke off talks after the government launched an offensive against KLA bases that has so far uprooted over 250,000 people and destroyed dozens of villages.

Recalling many false dawns that punctuated the negotiating process in the 1992-95 Bosnian civil war, diplomats said it remained to be seen whether Mr Milosevic was serious about his commitment to talks.

Another potential stumbling block is the weakness of Mr Rugova's own position within the ethnic Albanian majority. The KLA has denounced Mr Rugova and named its own political representative, Adem Demaci, who has spent 28 years in Serbian prisons. Mr Demaci, a fierce rival of Mr Rugova, has not commented on the US initiative.

Western governments are unlikely to soften economic sanctions on Belgrade until real progress is seen. Diplomats say European Union foreign ministers may agree this weekend to a ban later this month on flights of the Yugoslav airline JAT to EU capitals. Belgrade is likely to respond in kind.

Slovakia steps up Danube clash

By Kevin Done in London and Katar Eddy in Budapest

Slovakia yesterday intensified its dispute with neighbouring Hungary over a hydropower scheme on the Danube which has been a running sore in relations between the two countries since the early 1990s.

The Slovak government said it had decided to return the dispute to the International Court of Justice in The Hague after the breakdown of negotiations on implementation of an earlier judgment issued by the court a year ago.

Bratislava attacked the "hostile approach" of the new centre-right Hungarian government led by prime minister Viktor Orban, which swept to power in the Hungarian general election last May.

In contrast to the previous Socialist-led government of Gyula Horn, the Orban administration appears to have ruled out the option of building a dam on the Hungarian section of the Danube, as originally planned to complement the Gabčíkovo

dam, already in operation on Slovak territory.

Hungary abandoned its share of the works in 1989 amid widespread environmental protests, which played a key role in toppling the communist regime.

The nationalist Slovak government led by prime minister Vladimir Meciar has decided to raise the issue of the dam only weeks before it faces a general election later this month. It said the Hungarian government had refused to sign an agreed Draft Framework Agreement, which the Horn government had initiated in February.

It is seeking a judgment that Hungary is responsible for failure of negotiations to date and wants a rigid timetable for further talks. It warns that if these fail, it will return to the court to seek compensation for Hungary's alleged breaches of the original 1977 treaty.

Hungary yesterday acknowledged Slovakia was within its rights to turn again to the court, but was still "willing to engage in constructive talks".

Pure determination by Derek.

Pure invigoration by Ciba.

We're keeping pace with the world's need for pure water so Derek and industry can keep on running.

Thinking of a long, cool, drink of water can help Derek reach the finish line faster. Thanks to Ciba Specialty Chemicals' new water treatment capabilities, he doesn't have to imagine any impurities.

For decades, Ciba has enhanced everyday life and supported industry with innovative chemical effects. To meet the increased demand for clean water now and in the long run, we have expanded our portfolio to include water treatments. With innovative solutions for removing harmful substances and cleaning water, Ciba is positioned to go the distance.

Ciba refreshes the world's water supply.

For more information about Ciba Specialty Chemicals, visit our website at www.cibasc.com, fax +41 61 636 3019 in Switzerland or +44 127 441 7045 in the UK.



Ciba

Value beyond chemistry

WORLD TRADE

Mergers boost to direct investment

By Frances Williams in Geneva

World foreign direct investment jumped last year by more than a quarter despite the east Asian financial crisis, fuelled by the boom in cross-border mergers and takeovers, according to the latest figures from the United Nations Conference on Trade and Development (UNCTAD).

FDI outflows reached \$434bn in 1997 from \$333bn in 1996, while inflows rose to \$400bn from \$335bn, the difference between the two

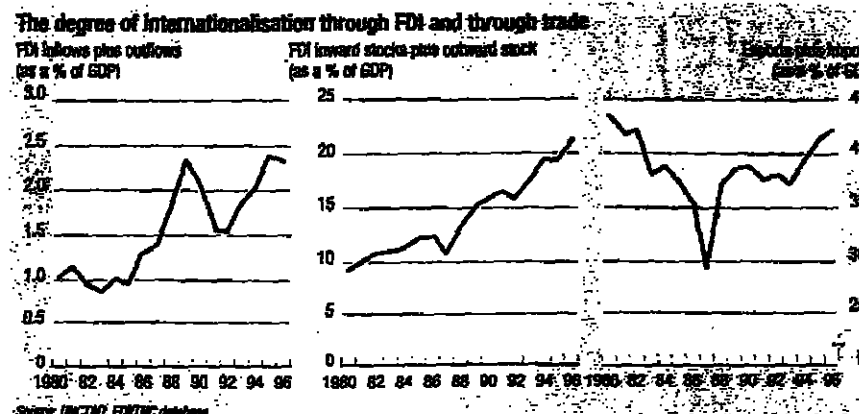
reflecting different statistical coverage and methodologies. About a third of all flows went to developing countries last year, UNCTAD, which will publish more detailed figures in November, says there are "prospects for a further increase" in total FDI in 1998.

The wave of cross-border mergers and acquisitions in western industrialised countries was the main driving force behind the surge in FDI in 1997. Cross-border M&As involving majority holdings were valued at

\$236bn last year, or nearly 60 per cent of total FDI inflows. Liberalisation of investment regimes worldwide has led to a rising trend in cross-border company deals which now account for a quarter of all M&As, UNCTAD notes.

FDI doubled in the five years to 1997, after doubling in the previous five-year period, a rate of growth far surpassing the increase in world output or trade.

While the share of trade in GDP has remained broadly constant since 1980, that of FDI flows has risen from 1



per cent in 1980 to 2.3 per cent in 1996 and that of FDI stock from 10 per cent to 21 per cent. "This demonstrates that (global economic) integration is being accelerated more through investment than trade," UNCTAD says. Some 7 per cent of global

GDP is generated by production of foreign affiliates of transnational corporations and if parent firms were included, the proportion would be much higher. The total FDI stock at the end of 1997 was about \$3,500bn. All regions saw more FDI

flows last year, UNCTAD says. Developed countries invested \$359bn abroad, a rise of 27 per cent from 1996, and attracted \$233bn in inward investment, 19 per cent more than in 1996. Inflows to developing countries rose 15 per cent to \$146bn.

FT AEROSPACE CONFERENCE

Move to make airport slot sales legal

By Michael Skapinker, Aerospace Correspondent

Neil Kinnock, the European Union transport commissioner, said yesterday he wanted the buying and selling of airport take-off and landing slots legalised but warned this would take two or three years.

This meant British Airways and American Airlines would have to give up hundreds of London slots free in return for approval of their planned alliance. However, Mr Kinnock's view was attacked by Robert Ayling, BA chief executive, who said there was no European law preventing the sale of slots.

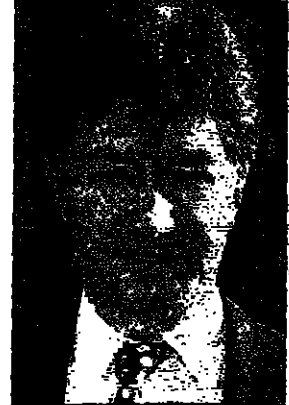
Mr Ayling told the FT aerospace conference in London: "It was brought up to believe that economic rights should not be lost without their value being realised."

However, Mr Kinnock told the conference that EU law, as agreed by ministers in 1993, made it "crystal clear" that airlines were not allowed to buy and sell slots. He said he was preparing proposals to legalise slot sales. But he added the change would take several years, "even if there was virtually unanimous acclaim for such proposals, which there won't be".

The UK Office of Fair Trading and Brussels have both said BA and American should give up 267 weekly London slots if competing carriers cannot obtain them through the usual allocation procedures.

However, the OFT said last month it was unclear whether EU rules prohibited slot sales. It said Peter Mandelson, the UK trade and industry secretary, should overrule the Commission if it continued to insist the two airlines give up their slots for nothing.

Airlines have until today to submit their views to the UK government on the



BA's Robert Ayling: attacked Neil Kinnock's position

OFT's proposals. These will then be considered by the OFT and Mr Mandelson, who might have further talks with Brussels.

The UK government said it would be making no announcement on the alliance today.

Mr Kinnock also told the conference that "the era of aviation state aids in the European Union is at an end".

He said those state aids that had been permitted had served their purpose in making airlines more competitive.

Mr Kinnock said: "All the airlines that have gone through this restructuring process are now performing much better, even though it is clear that some of the advance is a result of the favourable economic climate in recent years."

"Even the slowest to make necessary changes is now operating a new business plan with productive effects and most of the airlines for which aid was authorised in 1994 are now seriously committed to privatisation."

He defended the Commission's decision not to force Air France to repay FF20bn (\$3.3bn) of state aid despite a European court ruling annulling the subsidy.

China's financial sector counts on a slow start from abroad

Beijing's recent market liberalisation has not unduly upset the domestic banking industry. James Harding finds out why

Market liberalisation tends to elicit, at the very least, a blast of discomfort from those companies whose business is being thrown open to foreign competition.

But in China's banking sector it has prompted barely a murmur.

As China moved into a new phase of banking liberalisation last month, promising to allow more foreign banks the chance to do local currency business more widely in China, domestic banks have been unruffled – as clear a signal as any that Beijing's liberalisation programme is not throwing open the doors to the home market to foreign banks.

At China's central bank office in Shenzhen, the border town neighbouring Hong Kong where a handful of foreign banks will shortly be allowed to offer Chinese currency services, an official explains why domestic banks have been so far from moved:

"In the past year, the approval of foreign banks to do renminbi (Chinese currency) business has not had

any real impact on local banking."

The first foreign banks were approved to conduct business in Chinese currency in Shanghai at the beginning of 1997, but the terms of the licences were so restrictive that their local currency business has proved negligible.

Now, China is inviting banks in Shenzhen to apply to do local currency business, part of Beijing's very slow programme of opening up city after city to limited foreign bank participation in Chinese currency business.

At the same time in Shanghai, the original nine foreign banks licensed to provide local currency services last year will be joined by another 10 foreign banks, all set to compete for clients among the city's foreign-invested enterprises.

The liberalisation has a clear political logic for Beijing.

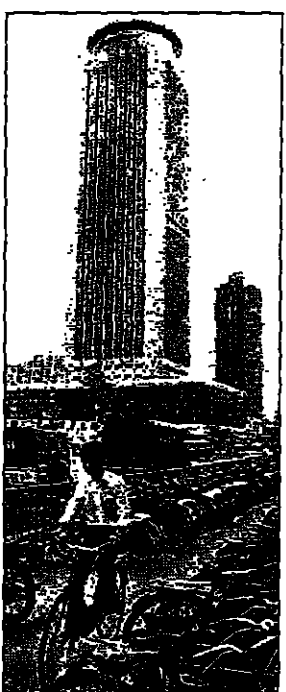
As China pursues its 10-year-old bid for membership of the World Trade Organisation, the government is opening the financial services market as evidence of

its free market credentials. But the benefits for foreign banks have not yet been so clear. Indeed, unless the terms of business change substantially, they may well find in the short term they have won little more than a licence for frustration.

Foreign bank managers are generally wary of complaining about the liberalisation process.

For one thing, no one wants to be seen to be criticising the People's Bank of China (PBOC), the central bank, which chooses which banks get approval to do what business. For another, it has become much harder to grumble about the slow pace of financial sector liberalisation in China in the wake of Asia's financial crisis, which has shown the dangers of opening up financial markets too soon.

But there have been some who have spoken out. Earlier this year, John Beaman, country corporate officer at Citibank in China, said: "For the last four or five months, Citibank's renminbi business has gone nowhere." He



The new finance centre in Shenzhen, where a handful of foreign banks will shortly be allowed to offer Chinese currency services

described Chinese currency business by foreign banks in China so far as "negotiations".

Foreign currency lending has been a fast growing business for foreign banks in China. By the end of 1997, the total assets of foreign banks in China amounted to \$37.9bn, with total outstanding loans of \$27.5bn and deposits of \$1.5bn.

according to the PBOC. But Chinese currency business has been tiny. Figures released earlier this year showed that in the first year of renminbi business, the foreign banks had extended loans of just over RMB500m (\$60m).

The size of the business so far is a reflection of the licence restrictions, which limit foreign banks to offering services to foreign-invested enterprises in Shanghai. Foreign banks also have a deeper structural problem funding their lending operations – foreign banks generally cannot take deposits from Chinese individuals, whose savings provide the bulk of the funds for domestic banks' commercial lending.

It is significant, therefore, that the issue of new licences has been accompanied by a modest relaxation of the strict rules that have governed foreign bank operations in local currency.

In particular, the operational capital ceiling on foreign banks – their float – will be raised to RMB100m from RMB50m, enabling them to draw on more head office funds to help finance local lending.

The PBOC has also made other amendments to the original licences, which allowed foreign banks to offer services to foreign clients such as taking deposits, making loans and conducting settlements and guar-

tees. At the central bank branch in Shenzhen, officials say foreign banks will in future be able to participate in the issue of domestic syndicated loans.

Foreign banks, naturally, would like to do much more. Robin Brilliant, head of compliance at Standard Chartered in Shanghai, says: "We would, of course, like to have the capacity to attract deposits from local depositors – individuals and corporates – and to widen the scope of the business beyond funding their lending operations."

Mr Brilliant says the central bank's cautious handling of the financial services liberalisation has been "wise" and he notes that "we have come a long way in the last 10 years". But there are many more services, for example retail banking, credit card issue and cash management, that Standard Chartered would like to offer in the future.

At the Hongkong Shanghai Bank branch in Shenzhen, Allen Chow, the general manager, has started going over the terms and demands of the licence as he prepares HSBC's application. Although the central bank has said Shenzhen will be opened for foreign banks to offer local currency services, he says it is too early to say what this means for business: "It will all depend on the new regulations. We will have to see how strict or relaxed they are."

BUSINESSES FOR SALE

CHRISTIE & CO

SURVEYORS, VALUERS & AGENTS

KEST
HOTEL, FOLKESTONE
• 47 letting bedrooms.
• Bar, lounge, restaurant and function room.
• T/O to 30.4.98 £200,844.
£650,000 FREEHOLD
London Office Ref 4475800/118
0171 227 0700

DEVON
RESIDENTIAL HOME
REGISTERED FOR 25 PLUS
CLOSE CARE ARMMENT
• Superior detached property.
• T/O to 31.10.97 £497,392 net VAT.
• Profit £172,000.
• Passenger lift.
£680,000 FREEHOLD
Exeter Office Ref 32/FT79612/14A
01392 259371

SOMERSET
NURSING HOME
REGISTERED FOR 24
• Set in approximately 7 acres.
• T/O £7,300 per week.
• Management run.
• Plans passed for 10 single beds.
• Owner's self contained 3 bedroom flat.
£525,000 FREEHOLD
Exeter Office Ref 32/FT79610/14A
01392 259371

SOUTH DEVON
RESIDENTIAL HOME
REGISTERED FOR 25
• Level location.
• T/O £4,400 per week.
• Management run.
• Passenger lift. Profit £105,000.
• 2 separate units of owner's accommodation.
£460,000 FREEHOLD
Exeter Office Ref 32/FT79614/14A
01392 259371

TRONSMAN
THE LAKE HOTEL, LAKE OF MENDIPS
• Stylish Edwardian country house hotel.
• Spectacular and unspoiled lakeside location.
• 16 en suite letting bedrooms, conservatory restaurant, lounge, bar.
• T/O to 31.10.97 £497,392 net VAT.
£625,000 FREEHOLD
Gloucester Office Ref 68/FT45016/11D
0141 284 3000

GLoucestershire
DUAL REGISTERED HOME FOR 45
• Set in approximately 3 acres.
• 35 single and 5 twin rooms (35 en suite).
• P/O £204,450 per week.
• Maroon run, restaurant sale.
£1,250,000 FREEHOLD
Bristol Office Ref 34/FT1427
0117 974 4566

NORTH WEST
DEVELOPED HOUSING SCHEME
• 2 properties.
• Each house registered for 6.
• 10 single rooms, 1 double room.
• Full occupancy.
£295,000 FREEHOLD
Manchester Office Ref 56/FT7864/14A
0161 833 3311

MORAYSHIRE
RESIDENTIAL CARE HOME
REGISTERED FOR 15 PLUS
4 DAY CARE
• Well maintained throughout.
• High level of occupancy.
• Quality lifestyle business.
£275,000 FREEHOLD
Edinburgh Office Ref 56/FT7864/14A
0131 557 6666

SEAVEN
BY DIRECTION OF EXETER & DISTRICT COMMUNITY REALTY SERVICE, 5 SEAFIELD ROAD
• Former residential house.
• 11 bedrooms (7 en suite).
• 5 en suite rooms. Partially furnished.
• Scope for bed and breakfast, guest house, subject to consents.
• New roof.
OFFERS INVITED FREEHOLD
Exeter Office Ref 32/FT79602/11A
01392 259371

HAMPSHIRE
EMI NURSING HOME
REGISTERED FOR 33
• Trading with strong occupancy.
• P/O range £325-£402 per resident per week.
• 27 single bedrooms (18 en suite).
• 3 double rooms (2 en suite).
• T/O year end 31.10.97 £467,256.
£950,000 FREEHOLD
Winchester Office Ref 38/FT74934/11C
0162 844455

SUSSEX
HOTEL, EASTBOURNE
• 24 letting bedrooms.
• Restaurant, 2 lounges.
• 2 separate 2 bedroom flats.
• Close to seafront and town centre.
£395,000 FREEHOLD
London Office Ref 44/FT5802/11B
0171 227 0700

MERCAID
RESIDENTIAL HOME
• 13 bed home registered for 18-65 years olds with mental health problems.
• Good historic occupancy.
£295,000 FREEHOLD
Manchester Office Ref 56/FT7864/14A
0161 833 3311

CONTRACTS & TENDERS

Appointment of Advisors

ICC Bank plc. Dublin, Ireland

The Minister for Finance, Government of Republic of Ireland holds 99.99% of the Share Capital of ICC Bank plc.

The Bank has Total Assets of IE£1.6 billion and employs over 300 staff in Ireland providing banking financial services to a wide range of business sectors. The Minister has now decided to dispose of his entire shareholding.

ICC Bank plc invites applications from consultants to advise the Board of the Bank in relation to the disposal by the Minister for Finance of his shareholding in ICC Bank, and to advise on all aspects of the transaction having optimum regard for the interests of the company, all the shareholders including the minority shareholders, the Board, management and staff, the depositors, and the banking and investment customers.

The closing date for receipt of tenders is Monday 28th September 1998 at 2.00pm local time.

For outline terms of this tender or a copy of the tender proposal document please fax your request to:

The Secretary, ICC Bank plc, 72-74 Harcourt Street, Dublin 2, Ireland.
Fax No: +353 1 478 0961.



HELLENIC REPUBLIC

MINISTRY OF DEVELOPMENT

Request for Proposals (R.F.P.)

The Ministry of Development hereby invites interested parties for an international public tender process, with sealed bids (without counter-bids), for the tourist development and long-term use, development and operation of an area of 1.780 "Stremmata" (1 Stremma = 1,000m²) in the district of AFANTOU of the Island of Rhodes.

The bidding process will be administered by a Bidding Committee, set up for this purpose, at the offices of the Ministry of Development, at 2 Amerikis street, 5th floor, conference room, Monday 02/11/1998 from 10:00 to 12:00 hours. All interested parties can obtain all the necessary information from the following day of this publication for "Request For Proposals" from the Ministry of Development offices at 2 Amerikis street, 6th floor, room 534, Athens, Greece, Monday - Friday from 10:00 to 14:00 hours.

The Minister of Development

Vasso Papandreou



ADVERTISMENT

OF LW SOUND BROADCASTING LICENCE

The Communications Commission of the Isle of Man Government invites applications for a licence to provide a sound broadcasting service from a high power long wave transmitting station on the Isle of Man. The frequency of 270 kHz has been assigned for use from the Island at a daytime power of 500 kW, but there is a nighttime restriction to protect transmissions from Beaurun and potentially from Turin.

It will be the responsibility of the successful applicant to undertake an Environmental Impact Assessment of the installation and operation of the high power transmitter and to obtain the necessary planning permissions. The Communications Commission does not guarantee that these planning permissions will be given and the licence (which will be for a period of ten years) will only become substantive when the planning process is complete.

An Application Document and Guidance Notes are available from:
The Director
Communications Commission
Homefield
Woodbourne Road
Douglas
Isle of Man IM2 3AP

A non-refundable application fee of £9,000 is payable with each application which must be received at the Commission's offices by 31 October 1998.

LEGAL NOTICES

No. 004770 of 1998
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT
IN THE MATTER OF
THE ADAM TRUST PLC
- and -
IN THE MATTER OF THE
COMPANIES ACT 1985
ADVERTISEMENTS
NOTICE IS HEREBY GIVEN that a Petition was on the 25th day of August 1998 presented to Her Majesty's High Court of Justice for the confirmation of the cancellation of the share premium account of the above-named Company in the sum of £31,777,285.96.
AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Registrar of the Companies Court at the Royal Courts of Justice, Strand, London WC2A 2LL, on Wednesday the 16th day of September 1998.
ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the cancellation of share premium account should appear at the time of hearing in person or by Counsel for that purpose.
A copy of the said Petition will be furnished to any such person requesting the same by the undersigned Solicitors on payment of the regulated charges for the same.
DATED this 4th day of September 1998
Brough Street
99 Chancery Street
London EC2M 4NQ
Ref: EHL53.5
Solicitors for the above-named Company

No. 004665 of 1998
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT
IN THE MATTER OF
ABERDEEN NEW DAWN
INVESTMENT TRUST PLC
- and -
IN THE MATTER OF THE
COMPANIES ACT 1985
ADVERTISEMENTS
NOTICE IS HEREBY GIVEN that a Petition was on the 18th day of August 1998 presented to Her Majesty's High Court of Justice for the confirmation of the cancellation of the share premium account of the above-named Company in the sum of £306,609.
AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Registrar of the Companies Court at the Royal Courts of Justice, Strand, London WC2A 2LL, on Wednesday the 16th day of September 1998.
ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the cancellation of share premium account should appear at the time of hearing in person or by Counsel for that purpose.
A copy of the said Petition will be furnished to any such person requesting the same by the undersigned Solicitors on payment of the regulated charges for the same.
DATED this 4th day of September 1998
Brough Street
99 Chancery Street
London EC2M 4NQ
Ref: EHL7.4
Solicitors for the above-named Company

To Advertise Your
Legal Notices
Please contact
Melanie Miles on
Tel: +44 171 873 3349
Fax: +44 171 873 3064

Taliban
massacred
thousands'

Dissidents in
all for ouster
Savimbi

US to send Ross
in new peace bid

FT AEROSPACE CONFERENCE

Move to make airport slot sales legal

By Robert Huggins, European Correspondent

THE EUROPEAN COMMISSION has announced that it will recommend that the sale of airport slots be made legal. The move is part of a broader effort to liberalise the aviation market and to increase competition. The commission's recommendation is based on the fact that the current system of allocating slots is inefficient and leads to high costs for airlines. By allowing slots to be sold, airlines would be able to allocate slots more efficiently and to reduce costs. The commission's recommendation is expected to be adopted by the European Council in the near future.

The commission's recommendation is based on the fact that the current system of allocating slots is inefficient and leads to high costs for airlines. By allowing slots to be sold, airlines would be able to allocate slots more efficiently and to reduce costs. The commission's recommendation is expected to be adopted by the European Council in the near future.

Taliban 'massacred thousands'

By Roula Khalaf in London

AMNESTY INTERNATIONAL, the London-based human rights group, said yesterday that the Taliban had massacred thousands of Shia civilians following its August takeover of an opposition stronghold. The massacre was reported to have included 11 missing Iranian nationals. The killings of 10 Iranian diplomats and a journalist, if confirmed by Iran, could raise tensions in already strained Iranian-Afghan relations.

Basing its information on witness reports, Amnesty said the Iranian diplomats and one journalist were killed when the Taliban entered the Iranian consulate in Mazar-i-Sharif, the Afghan opposition headquarters captured by the Taliban on August 8.

Witnesses told Amnesty the bodies were left in the consulate for two days, before being buried in a mass grave in a girls' school.

Amnesty also said that following the takeover of Mazar-i-Sharif, the Taliban had entered the houses of Hazaras, members of a Shia minority in Afghanistan opposed to the Taliban and with links to Iran. According to Amnesty, the Taliban killed older men and children, and took away young men without explanation, while some young women were taken away to serve as

Markets in Middle East and North Africa feel the heat

Economists are warning that management of exchange rate policy will become much more difficult, reports Roula Khalaf

AFTER ESCAPING largely unscathed from last year's turmoil in Asia, the economies and underdeveloped financial markets of the Middle East and North Africa are now feeling the heat of the emerging markets crisis.

Global Depository Receipts of companies traded on European exchanges, have lost on average 15 per cent for the year, while most domestic stock markets are down for the year.

In Egypt, despite recent government-backed attempts to shore up the Cairo stock exchange, the Hermes Financial Index has lost about 19 per cent since the beginning of the year. In Oman, the stock exchange, which was a star performer last year, is down by more than 40 per cent since January.

The most significant effect on regional currencies so far has been last week's pressure on the Saudi riyal. The threat that the crisis will further weaken oil prices has put more pressure on

Gulf economies and was the main reason behind last week's speculation against the riyal.

Intervention by the Saudi Arabian Monetary Agency (Sama) re-established the parity rate; Sama quickly ruled out a devaluation.

With the kingdom facing a \$12bn shortfall in budgeted revenues, the government has been stepping up budget cuts for the military and has announced increases in air

management of exchange rate policy will become much more difficult, even for countries with sound macro-economic fundamentals and large foreign exchange reserves, such as Egypt or Morocco.

The Lebanese pound, which may be the most vulnerable in the long run, has held up surprisingly well in the past two weeks.

Repeatedly shaken by domestic political uncer-

The threat that the financial crisis will further weaken oil prices has put more pressure on the Gulf economies

fares and new airport taxes. A rise in gasoline prices is expected before the end of the year.

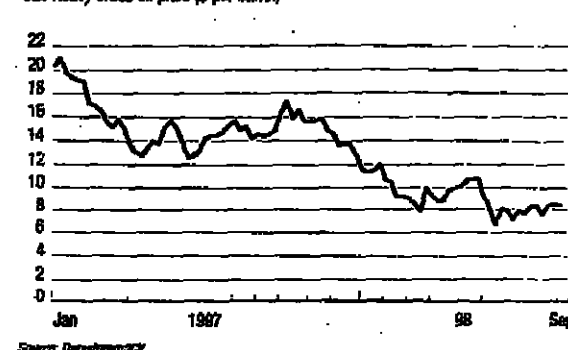
With these cuts, however, Kevin Taseker, chief economist at Saudi American Bank, estimates the budget deficit target of \$5bn will end up almost twice that.

Economists warn that

tainty, a huge budget deficit and high internal debt, the currency came near collapse at the end of last year, as most foreign holders of domestic Treasury bills cashed in their profits.

Bankers in Beirut say little foreign money remains invested in domestic Treasury bills, providing the cur-

Oil price: the fall before the crisis
Arab Heavy crude oil price (\$ per barrel)



Source: Datastream

rency with a large measure of immunity. Improvements in the budget deficit in the first half of the year have helped to keep pressure off the currency.

But with a huge reconstruction programme under way and increased focus on international borrowing, the government and public sector could soon find international capital markets have dried up, further straining the economy.

According to Mohamed el-Erian, European head of emerging markets at Salomon Smith Barney, a main effect of the Russian crisis on the region will be delaying corporate plans to launch eurobonds and global depository receipts, making internal generation of funds more important.

For countries with large

foreign debt, such as strife-torn Algeria, the weakening of the dollar will further squeeze the budget. This is occurring at a time of falling oil and gas revenues, which account for more than 95 per cent of the country's foreign exchange earnings.

With Algeria starting to make payments on rescheduled debt and virtually all revenues in dollars, the non-dollar denominated debt, making up about 25 per cent of the \$30bn total, will become dearer to service.

"This would be more than an incentive for Algeria to act swiftly on structural reforms such as privatisation and active debt management," says Redwan Merouani, an emerging markets director at France's Société Générale.

Casablanca shares, Page 22

US set to approve cancer drug

By Victoria Griffith in Boston

THE first colon cancer treatment in 40 years was recommended for approval yesterday by a US Food and Drug Administration advisory committee.

The treatment, developed by the pharmaceutical group Pharmacia and Upjohn and to be marketed under the brand name Campyosar, was shown to reduce tumours in patients and increased life expectancy by up to 30 per cent. Colon cancer is the most lethal form of cancer after lung cancer, killing nearly half of all those who contract it.

Campyosar is recommended for sufferers in the late stages of the disease, after chemotherapy has failed to stem the cancer. Unfortunately, many patients are included in the high risk category, because most people with colon cancer are not diagnosed until the cancer is well developed.

Full FDA clearance almost invariably comes shortly after recommendation by an advisory committee.

Dissidents in call for ouster of Savimbi

By Nicholas Shaxson

Senior officials from Angola's former rebel movement Unita have called for the removal of Jonas Savimbi, the veteran party leader.

"The officials and members of Unita have decided to suspend Jonas Savimbi and his team from their functions as the leadership of Unita," said Jorge Valentim, who was appointed minister of tourism in a government of national unity set up under the 1994 Lusaka peace agreement. A handful of other Unita members also endorsed the move, which follows the government's call on August 31 for Unita to be suspended from government and parliament.

The government was formed in April 1997 under the Lusaka Protocol, the 1994 peace accord which ended two decades of civil war between the MPLA (Popular Movement for the Liberation of Angola) and Unita.

Observers in Luanda said that while the move did not significantly threaten Mr Savimbi's position, it could reduce the chances of salvaging the peace process.

The MPLA government, along with several other smaller parties, have welcomed the breakaway faction and called on the international community to recognise Mr Valentim and his supporters as the true voice of Unita. But Horacio

Junjunvili, deputy Unita representative at a still-functioning joint commission in Luanda to oversee the troubled Lusaka agreement, condemned it. Most Unita officials in Luanda, including the charismatic Unita parliamentary leader Abel Chivukuvuku, failed to back the move. Other Unita figures in Luanda said Mr Valentim, a former Unita secretary for foreign affairs, was being bankrolled by the MPLA government in an attempt to divide and weaken the group.

"Unita here are in a difficult position," a diplomat in Luanda said. "Do they do what Valentim did, or go back to the bush with Savimbi? Or do they face the uncertain consequences of staying in Luanda as loyal Unita members? They are lying low and they all seem to have turned their mobile phones off today."

Diplomats said the move could give the government justification for a military attack by portraying Mr Savimbi and his entourage in their stronghold in the central highlands as being increasingly uncompromising as the distance grows between them and moderates such as Mr Valentim.

The Angolan Armed Forces have been fighting not only against Unita forces in northern Angola but also against Rwandan-backed rebels in the Democratic Republic of Congo.

US to send Ross on new peace bid

The Clinton administration is sending veteran envoy Dennis Ross to the Middle East next week as it steps up mediation to close the gap between Israel and the Palestinians on a West Bank accord, AP reports.

Mr Ross will see Israeli and Palestinian leaders, said US officials travelling with President Clinton.

The administration earlier stepped back from its central role, to see if the two sides could reach an accord themselves but they could not.

Mr Clinton set the stage for a return to high-profile US diplomacy by calling Benjamin Netanyahu, Israeli prime minister, and Yasser Arafat, the Palestinian leader, on Wednesday after holding summit talks in Moscow with President Boris Yeltsin.

The US administration is insisting that Israel yield 13 per cent of the West Bank territory it captured from Jordan in the 1967 Middle East war and turn it over to expand the jurisdiction of Mr Arafat's Palestinian Authority.

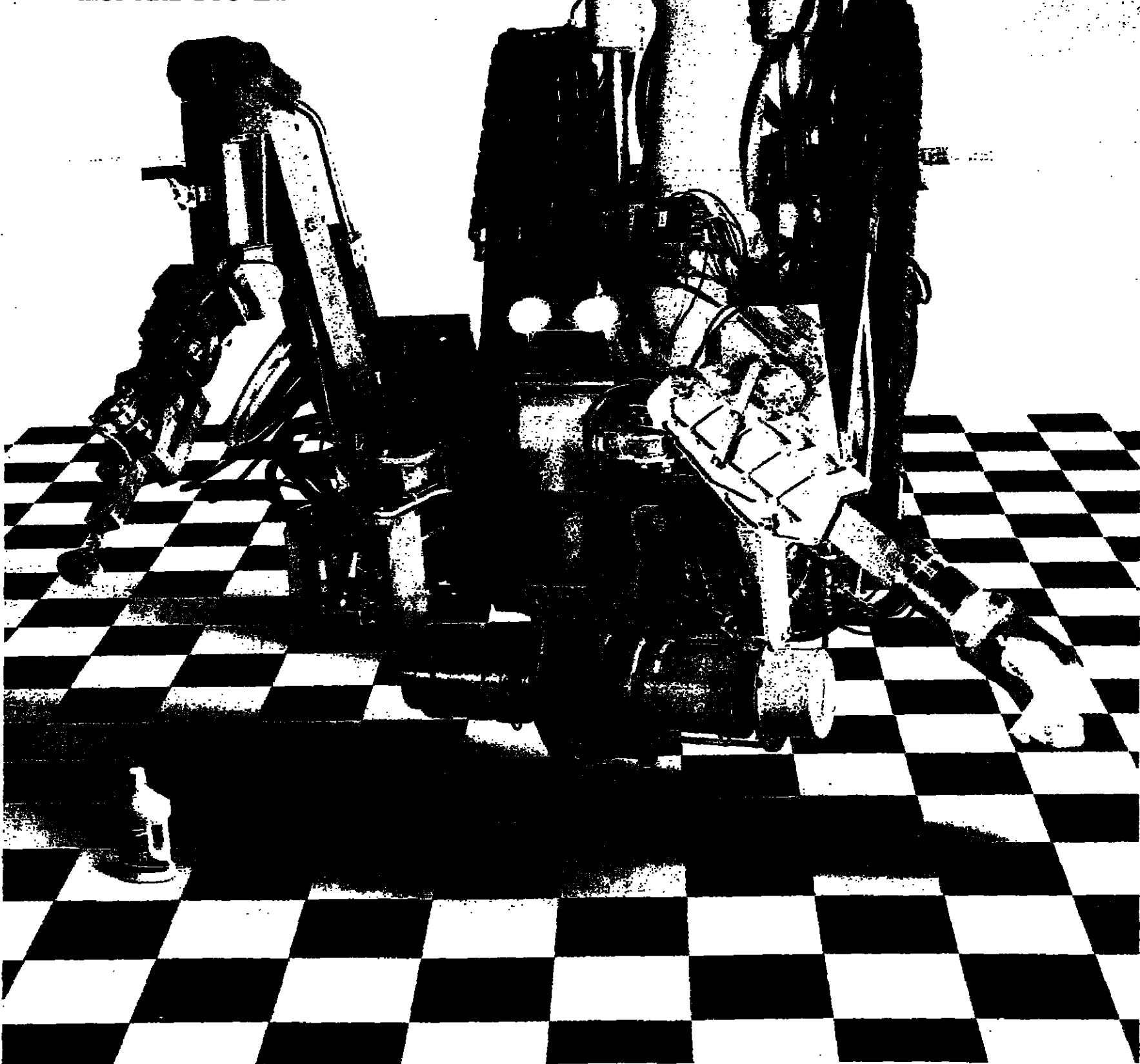
Despite his concerns about the impact on Israel's security, Mr Netanyahu has said there could be a deal.

One official said Mr Clinton later called Mr Arafat at a conference he was attending in South Africa.

"We're closer than we have ever been before," the official said about negotiations between Israel and the Palestinian Authority over the West Bank.

Mr Arafat has insisted on the 13 per cent pullback prescribed by the US.

TO WIN BILLION DOLLAR
CLEAN-UP CONTRACTS, YOU NEED
THE WORLD'S MOST ADVANCED
MOP AND BUCKET.



Meet Rodney. The brainchild of BNFL, he and his human friends are busy working all around the world, decommissioning outdated nuclear sites.

And the reason we're in so much demand abroad is our track record at home.

We can transform old nuclear installations into reusable land. We've decommissioned one of Europe's largest industrial buildings, and recycled over 10,000 tonnes of metal for general use.

At Sellafield, we're working on one of the world's largest decommissioning tasks, with 24

major projects under way. This, together with our unrivalled 45 years of broad experience in the nuclear industry, has led to many an invitation from other countries.

In the USA, we've built a state-of-the-art decontamination and metals recycling facility in Tennessee. After showing how to handle liquid waste by turning it into a more readily-managed solid form, we are building the world's largest vitrification facility at Hanford.

While at Idaho, we are now planning, constructing and project managing a waste treatment plant.

Having thus earned our spurs, we've recently partnered with a US engineering company to acquire the American-based nuclear giant Westinghouse, creating a truly world-beating combination.

In Russia, we are working on the design of used fuel stores. Worldwide, we are competing for several big decommissioning and waste management projects.

And the bottom line? With Magnox Electric integrated into BNFL, our 1997-98 profit before tax is £199 million on a turnover of £1341 million, allowing the Government to

mop up a shareholder dividend of £53 million. We provide skilled jobs for over 16,000 people, and with over £13 billion worth of contracts in the bag, we're looking forward to even more sparkling results in the years ahead.

To learn more about what we do, come to our Visitors Centre at Sellafield or see our website at www.bnfl.com



Where science never sleeps

LEGAL
NOTICE

Legal
Notices

ASIA-PACIFIC

'NETTING' OF CONTRACTS SAFEGUARDING LEGISLATION WILL NOT COME INTO EFFECT UNTIL DECEMBER

Japan derivative deals at risk

By Gillian Triggs in Tokyo

Investors holding derivatives contracts with Japanese financial institutions such as the troubled Long Term Credit Bank of Japan (LTCB) may not be fully protected under Japanese law if an institution collapses.

The concern has arisen because Japanese law does not yet guarantee that the "netting" of counterparty derivative contracts will be respected if a bank or broker collapses. Netting is the process by which the different losses and profits between creditors are offset against each other and paid off in one lump sum.

Japanese officials say the loophole will be plugged by legislation introduced as part of Big Bang financial deregulation designed to

bring the country into line with global standards. But this legislation will not come into effect until December.

The legal uncertainty is causing unease among some international investors because of mounting concern about the health of some Japanese financial institutions.

The Financial Supervisory Agency (FSA), Japan's banking watchdog, says the gross notional volume of derivatives contracts held by Japanese banks totals ¥2,090,000bn (\$15,000bn) - although the actual "netted" position of actual losses or profits would be far smaller.

Most of these contracts are covered under an agreement forged by the International Swaps and Derivatives Association. Bankers believe that

in the event of a collapse the Japanese courts would uphold any netting agreement. However, this is not stipulated under local law and there has been no precedent to date, they say.

Yoshinobu Yamada, analyst at Merrill Lynch said: "The lack of a legal framework would make dealing with the derivatives problem complicated in the case of a collapse." This uncertainty undermines confidence.

Christopher Well, a lawyer with White and Case, the US law firm, added: "There will be a collective sigh of relief in December when the lingering doubts are eliminated. But there are questions now about whether a trustee could reverse a netting agreement now."

The issue of derivatives has become particularly con-

troverial because parliament is debating LTCB's future. LTCB is in merger talks with Sumitomo Trust and the government is expected to inject at least ¥500bn of public money to ensure the merger is consummated.

The political opposition says public money should not be used to save LTCB but the ruling Liberal Democratic party insists that a collapse of LTCB would create a systemic risk because of its derivatives exposure.

The degree of LTCB's derivatives risk is disputed. LTCB says it has reduced its exposure from ¥51,500bn to ¥40,000bn between March and July, and adds that most contracts are "plain vanilla" contracts, such as swaps in the yen market. Some government officials conclude

therefore that unwinding the contracts would be a relatively simple matter.

However, the FSA has indicated that LTCB's exposure is nearer ¥80,000bn and some bankers fear the exposure may contain complex structures which would be difficult to unwind. "It could lead to a very negative reaction in the markets," says one Bank of Japan official.

Most western bankers believe the government will rescue LTCB but many have been re-examining their derivatives contracts with Japanese institutions. One lawyer with a US investment bank yesterday said: "We assume that the government would protect us in the last resort, since we are all in the same boat. But until December there will be an uncertainty, however small."

EMERGENCY ALERT PRESSURE TO IMPROVE INTELLIGENCE SYSTEMS

Japan fears N Korea will fire second missile

By Michio Nakamoto in Tokyo

Japan yesterday warned that North Korea was poised to fire a second missile at the Japanese archipelago and put its defence forces on emergency alert.

"We have put defence and emergency measures in place with a sense of urgency, so that we can deal with any kind of situation," said Hiromu Nonaka, chief cabinet secretary.

On Monday, North Korea launched a ballistic missile which flew across Japan and landed in the Pacific Ocean. The test launch of the Taepodong-1 ballistic missile, which puts Japan within range of a North Korean missile attack, has sent shock waves throughout Japan. The prime minister, Keizo Obuchi, said the North Korean action was "unpardonable".

Mr Nonaka said the government had received information that a second launch could be imminent, possibly on Saturday when North Korea's *de facto* leader, Kim Jong-il, is expected to be named the country's head of state. Alternatively, senior Japanese officials said, the second launch could come on Wednesday on the 50th anniversary of the founding of the Socialist state.

Munee Suzuki, Japan's deputy chief cabinet secretary, said a second missile launch by North Korea would be "totally unacceptable" and would meet with "a resolute stance".

Japan has already suspended food aid and broken off talks over normalisation of relations in retaliation for the first missile launch. It has also postponed indefinitely financial assistance for two nuclear power reactors designed to help ease North Korea's energy shortage.

Chartered flights from Japan to North Korea have

been suspended, a move which amounts to economic sanctions as many air travellers take food and other provisions to their relatives and friends in the impoverished state.

The European Union yesterday expressed concern over North Korea's ballistic missile launch and urged Pyongyang to refrain from further tests. "The missile test carried out by North Korea creates additional tension in a region which already faces a precarious security situation," it said.

This week's missile launch is likely to increase the pressure on Japan to improve its intelligence capabilities and beef up its security arrangements. Fukushima Nukaga, director-general of the Defence Agency, told a cabinet meeting that the agency was considering implementing a defence system against ballistic missiles.

Pyongyang's action has also highlighted Japan's dependence on the US, with which it has a comprehensive security pact, for any information regarding North Korean military moves. US forces stationed in Japan informed Japan of Monday's missile launch.

Analysts say the vulnerability of security arrangements in east Asia have been exposed and the launch could also have far-reaching implications for the stability of the region.

Any Japanese moves to increase its military capabilities are likely to meet with stiff resistance from its Asian neighbours, particularly China, which are concerned about a possible resurgence of Japanese military power.

The US would not approve of Japan having its own sophisticated intelligence capability, says Mr Kenzoku Ebata, a military analyst in Tokyo. "Obviously, there is no intelligence capability

and no ability to strike at a missile in mid-air," says Mr Ebata. "The US doesn't want Japan to have its own defence strategy. This is a very big political problem," he adds.

US opposition could explain why Japan did not launch its own reconnaissance satellite after North Korea last fired a missile into the Sea of Japan in the spring of 1993.

"Our key objective is a co-operative project of some kind," says one US official. The US wants Japan to co-operate instead in the development of a theatre missile defence (TMD) system, which would use satellites to detect the launch of hostile missiles and deploy anti-missile weapons to destroy them.

Proponents of the TMD and of greater US-Japan defence co-operation hope that this week's lesson will encourage Japan to allocate funds for the TMD project and act quickly to implement new defence guidelines that aim to strengthen co-operation between the two countries in regional emergencies.

But that would alienate China, which has made no secret of its disapproval of the TMD and the new guidelines. The Japanese government is believed to have delayed budget allocation for TMD research until after a state visit by the Chinese president, Jiang Zemin, originally scheduled for this month. Japan's other Asian neighbours are also nervous about an increase in Japanese military capabilities.

The Japanese government insists it will take a firm stand against aggressive tactics by North Korea. But, caught between the conflicting demands of the US and China, Japan will be pressed much to improve its security arrangements, until, at least, the next missile.

UNANIMOUS DECISION FORMER DEPUTY PM DENIES ALL CHARGES

Anwar expelled from Malaysia's ruling party

By Sheila McIlrath in Kuala Lumpur

Anwar Ibrahim, the sacked deputy prime minister of Malaysia, was expelled from the dominant Umno party yesterday by a unanimous decision. But he continued flatly to deny allegations of misdeeds and demanded a fair hearing by the Supreme Council of the Umno party, which met into early this morning to consider his expulsion.

About 2,000 supporters of Mr Anwar shouted "Long Live Anwar" and "Justice For Anwar" as he arrived at the emergency session. Riot police stood by.

The supporters stayed outside as the hours passed to await the decision of meeting, led by Mahathir Mohamad, the prime minister and party president, who sacked his deputy and heir apparent earlier this week. Dr Mahathir was briefing party members last night on his dismissal of Mr Anwar from his posts as deputy prime minister and finance minister before asking for a vote.

Fifteen trade unions, human rights groups, non-

government organisations and opposition politicians issued a joint statement: "The total lack of transparency in this episode is a reflection of the utter contempt and disregard that the prime minister has for the views of the people of the country."

"It has the makings of a major political crisis," said Lim Kit Siang, parliamentary opposition leader. Mr Anwar said the charges were part of a "high-level political conspiracy" against him.

He rejected questions on whether he might form a party of his own if expelled, saying he was committed to Umno and wanted to present evidence of a set up to the council. "Unless the environment is free, it's going to be rather difficult. But we have to try."

Earlier, affidavits alleging Mr Anwar engaged in sexual improprieties with both sexes, and compromised national secrets were filed in High Court. The allegations first appeared in a book, "50 Reasons Why Anwar Cannot Become Prime Minister", which emerged in spite of an injunction against its distribution.

Police say Mr Anwar is under investigation in connection with his contents.

"This is petty, preposterous and it stems from petty jealousy," Mr Anwar said. He denied all allegations and said he had evidence they were part of a "high-level political conspiracy" against him.

But Dr Mahathir refused to listen and ordered him to resign or face dismissal and charges against him, Mr Anwar said.

"I am not prepared to submit," Mr Anwar said. "I challenge him to use democratic means to unseat me." His supporters raised their fists and yelled, "Long Live Anwar," and "God is Great."

The two men have disagreed throughout about how to respond to the economic crisis gripping Malaysia. Mr Anwar called for reform. But Dr Mahathir stoked nationalism by alleging a conspiracy by outsiders and has introduced radical capital controls to insulate the economy.

"I am committed to reform, the struggle against corruption and abuse of power and I will not concede



Anwar Ibrahim speaking to press at his home yesterday Reuters

or compromise on this," Mr Anwar said.

But he still respects Dr Mahathir. "I do regard him as a father, though not all fathers treat their children fairly," Mr Anwar said. He urged supporters to remain calm, even if he were arrested.

Mr Anwar declined to say whether he still aspired to become prime minister or

whether he would challenge Dr Mahathir at next year's Umno election. And then, as neighbours peered over balconies, he moved into the crowd to shake supporter's hands. His aides were clearly shaken. "If the number two man in this country cannot be satisfied justice will prevail, I feel sorry for this country," Mr Anwar said.

Floods and a hidden disaster afflict Bangladesh

The government has called for aid but is being criticised for leaving it too late, said David Chazan

Like the rest of Asia, Bangladesh is suffering. With the longest lasting floods on record showing no sign of abating, more than half the city of Dhaka is under water.

The price of rice has increased substantially. About half the seedlings for the next crop have been washed away by the floods which have inundated two-thirds of the country, and severe food shortages are feared in the coming months.

This week, the govern-

ment increased its appeal for foreign aid from \$681.5m to \$879m, about \$7 a head for a population which is estimated at 125m. Shah A.M. Kibria, finance minister, said much of the money would be needed after the floods receded, to rebuild damaged roads, housing, hospitals and schools.

But the government has been criticised for leaving it too late to appeal for emergency aid, and the response so far has been slow. Donors are now concerned about what they see as a haphazard approach to relief operations.

"There are two disasters here," said a western diplomat. "There's the one you can see, and then there's the one you can't see, which is the chaotic way food and

medicines are being distributed."

Werner Kiene of the World Food Programme (WFP) said he did not know whether the government food distribution system was efficient or not, but he was convinced that working through the government was the best way to proceed.

But, he added, the WFP and non-governmental organisations (NGOs) had asked the Bangladeshi government to allow them to play a greater part in distributing food and allocating the VGF, or vulnerable group feeding cards which people are so anxious to secure.

"We're trying to explore how the NGOs can steer people who they feel are in need, to the government

stores," Mr Kiene said.

Other relief officials and western diplomats were blunter. "We're concerned about corruption in the food distribution chain if it's left to the government," said a diplomat.

Slum dwellers in Dhaka allege that some officials have used the ration cards as a means of securing political patronage.

Some members of parliament are accused of handing out more food in areas where support for their political party is known to be strong.

Typical of the slum dwellers is Abdul Khalek, a rickshaw puller, who says he had missed his chance to receive regular food handouts because his slum home

in Dhaka was too far from the main road.

People living nearer were given cards that entitled them to collect food from government emergency stores, but Abdul Khalek's family have been given only 1.5kg of rice in the past two months.

A government relief official, however, said the distribution network was "time-tested and democratic". But there were "rumours that not all this food reaches those who need it most," Mr Kiene said.

However, he added, most other countries would be less well prepared to distribute emergency food than Bangladesh, where "at any given time, 20m-30m people eat only half what the rest of the world eats".

By Michio Nakamoto in Tokyo

Japanese prosecutors yesterday raided the offices of the defence ministry and arrested the former deputy head of the agency's procurement office over a financial scandal.

It is the first time the Japanese defence headquarters has been investigated by prosecutors since a spy scandal 18 years ago. The move has shocked the political and business community.

Prosecutors also arrested officials from NEC, one of Japan's leading electronics manufacturers, and Toyo Communication Equipment, a communications equipment maker listed on the Tokyo Stock Exchange which is affiliated with NEC.

The chairman of Toyo, Shinichi Ito, was among those arrested on charges of breach of trust by causing damage to state finances.

The raid on the defence agency, which comes as Japan faces the threat of a further missile firing by

North Korea in its direction, has caused not just embarrassment but turmoil at the organisation.

Investigations showed that Toyo Communication had been found to have overcharged the agency for products procured between 1989 and 1993. However, the agency slashed the amount to be refunded by Toyo Communication after Kenichi Ueno, former deputy head of the defence agency's procurement office, insisted on a reduction.

The Tokyo Public Prosecutors Office says Mr Ueno agreed that Toyo Communication would have to refund only ¥874m (\$6.3m) out of ¥2.5bn it owed the defence agency.

Mr Ueno is believed to have demanded that Toyo Communication hire two retirees from the defence agency, apparently in exchange for the repayment cut. In attempting to determine how much to charge Toyo Communication, Mr Ueno is believed to have consulted with an official in

charge of defence contracts at NEC, which owns 39 per cent of Toyo.

Another company 100 per cent owned by NEC has also been implicated in overcharging the defence agency. Officials at Toyo Communication have told the Japanese press they overcharged the defence agency and then later accepted retired officials from the agency on the advice of NEC.

It was also revealed that Mr Ueno permitted Toyo to repay the funds it owed the defence agency out of annual defence contracts rather than as a lump-sum payment as requested by Mr Ueno's own subordinates.

Toyo Communication supplies the defence agency with equipment to distinguish between friendly and enemy personnel. The company has suffered a drop in sales as demand for its pagers and other mobile communications equipment has slumped. Pre-tax profits plunged from ¥3.7bn in the year to March 1997 to ¥813m in the last fiscal year.

Arab Republic of Egypt
Ministry of Public Enterprises
The Egyptian Privatisation Program
Invitation to Enlist in the Short List of
Promoters and Underwriting Institutions

The Ministry of Public Enterprise (MPE) wishes to solicit expressions of interest from investment banks, financial institutions, and promoting agencies having the expertise and intention to carry out the following functions:

1. Promotion and underwriting for the shares of the privatisation candidates that shall be offered to individuals and institutions through the stock market.
2. Promotion and search for investors in order to sell the privatisation candidates to strategic investors.

This is for the purpose of establishing a Short List of those institutions that could help in the implementation of the privatisation program during the remaining period of year 1996 and through year 2000.

Invited institutions should have the expertise to undertake the following functions:

1. Determining the best alternative among the privatisation strategies case by case.
2. Preparation of documentation and promotional material towards sale.
3. Conducting the analytical study of the company's financial position to reach to the best suggested selling price.
4. Soliciting investors interests and determining the potential buyers.
5. Co-management of the sale to assure successful completion.
6. Buying shares remaining unsold after a public offering.

The program for 1996 includes:

Batch 1: Companies Offering the shares remaining in possession of Public Sector

Heliopolis Housing
Mokhtar Ibrahim Contracting
Helwan Cement
Torah Cement
Al Wady Cotton Trade and ginning
Al Wady Agricultural Exports

Batch 2: Companies Offered for Total Sale

Engineering Projects for Steel Works-Steelco
Metallic Constructions-Metalco

Egyptian Ferro-alloys Co.
Transport and Engineering Co.
Al Nasr Electrical & Electronic Devices
Arab Foreign Trade
Misr Import and Export
Misr Car Trading
Delta Sand Bricks
Abou Zaabal Fertilisers
Al Nasr Glass and Crystal
Shebin El Kom Spinning & Weaving

Al Nasr Wool & Selected Textiles-STIA
Delta Cotton Ginning
National Paper Co.
Paper Manufacturing-VERTA
Plastic and Electrical Industries
Industrial Gases Co.
Bent Swell Cement

Batch 3: Companies to Sell 40% Max.

Egyptian Pharmaceutical Trading
Eastern Tobacco (6% stake only)

Batch 4: Companies Offered for Sale or Lease

BATA Shoes
Sharer and Romney
Tractors and Engineering
Modern wear - Benzayoun
Sedruwi Shops Co.
Omar Effendi Shops Co.
Fashion Wear - Hano
Theatres and Movie Production Centers

The Prerequisites for Qualification to be short listed as well as the Fact Sheets for privatisation candidates are available with the PEO against a payment of LE 5000 (five thousand pounds), through a cheque to the order of: Public Enterprise Office.

Applications and documents required to be listed should be submitted by 20/9/1996.

Companies/institutions that are prequalified and listed shall be notified starting 1/10/1996.

Address any inquiries to:

Public Enterprise Office: 2 Latin America St., Garden City - Cairo. Tel: 3543484 Ext. 234 - Fax: 3529233

BRITAIN

MEDICINE GOVERNMENT ADVISERS SAY GROWING DRUG RESISTANCE MAY LEAD TO 'A RETURN TO DARKER TIMES'

Cut use of antibiotics, ministers are told

By Nicholas Timmins,
Public Policy Editor

Government advisers yesterday set out plans for significant cuts in the use of antibiotics, warning of the dangers of increasing drug resistance.

The government's standing medical advisory committee said the use of antibiotics to promote growth in animals - a market worth £12m (\$20m) a year - should cease. It also put forward measures which could see a 20 to 30 per cent reduction in the £220m of antibiotics prescribed annually by family doctors.

The committee said over-use "threatens a return to darker times, when surgery was restricted to simple operations on the otherwise healthy, and when organ transplants and joint replacements were unthinkable".

Half of antibiotic use in the UK, which is low by international standards, is in humans and half in animals. Family doctors account for 30 per cent of human use.

A national campaign will attempt to persuade doctors and patients that antibiotics are not needed for the vast majority of colds and their use in simple cystitis should

be limited to three days. Guidelines, which doctors will be expected to follow, will be set out by the planned National Institute for Clinical Excellence.

A national steering group will monitor the spread of resistance and the effectiveness of measures to contain it. The group will encourage incorporation of the guidelines into computerised decision-support systems for doctors. The committee says the use of antibiotics as growth promoters in animals is "a major concern" which risks undermining new medicines even before they enter human use.

They should be used in animals "only for clinical conditions where their use is likely to provide a genuine health benefit".

Dr Diana Walford, director of the Public Health Laboratory Service, said the message about antibiotics was "the more you use them, the more you lose them". Dr Kenneth Calman, the chief medical officer, said they must be treated as "a valuable and non-renewable resource, to be treasured and conserved in everyone's interest".

Dr Walford said half of GPs prescribing was for colds, coughs and sore

throats which are usually viral in origin and unaffected by antibiotics. Two-thirds to three-quarters of such prescribing was "inappropriate".

The Association of the British Pharmaceutical Industry yesterday endorsed the recommendations, but said there may be financial implications for the industry.

New pricing mechanisms may be needed "to ensure that investment in the development of new antibiotics remains viable".

The chief medical officers of the European Union met in Copenhagen next week to

discuss strategies for preventing the growing threat of antibiotic resistance.

The UK package puts country in the forefront of tackling what is increasingly seen as a world-wide problem.

Drug resistance does not respect national boundaries and even during the seven months the committee was working one particular drug-resistant bug, vancomycin-intermediate MRSA, originally only found in Japan, had turned up in the USA and France.

Editorial Comment, Page 11

NEWS DIGEST

CONFEDERATION OF BRITISH INDUSTRY

Schröder to address employers after election

Gerhard Schröder will use November's conference of the Confederation of British Industry, the employers' lobby, as one of his first international platforms if his Social Democratic opposition wins this month's German general election. The CBI said yesterday that Mr Schröder had agreed to address the conference - in the English Midlands city of Birmingham - whatever the outcome of the election. He will head an international line-up at the conference which also includes Romano Prodi, the Italian prime minister, and Carlos Menem, the Argentinean president. The programme also features a debate on European competitiveness and the global economy involving Sir Alex Trotman, chairman of Ford, and Ernst-Antoine Seifert, controversial president of the Patronat, the CBI's French equivalent. The sensitive issue of the single currency has been relegated to the conference fringe after last year's heated debate. CBI officials said it had decided there was little more to add until after the euro was introduced next year. David Wighton, London

THE ECONOMY

Wages 'pushing up prices'

Signs of higher wages pushing up prices knocked some of the gloss off figures showing a slowdown in growth in the UK service sector yesterday. The monthly survey of 500 companies by the Chartered Institute of Purchasing and Supply found that growth continued during August but at the slowest rate since the survey started two years ago. The report's business activity and new business indicators both continue to show expanding activity but the institute said "growing numbers of companies reported demand for services to have fallen". Geoffrey Dicks, at Greenwich Nat-West investment bank, said: "The trends across the whole survey are clear. The service sector is still expanding but at a much slower pace than earlier in the year."

A majority of companies surveyed said they were still having difficulties recruiting qualified workers, especially for information technology. "Higher wages and salaries continued to be the main upward pressure on costs, as higher salaries are offered to attract suitable staff," the report said. Richard Adams, London

BRITISH TELECOMMUNICATIONS

Multimedia service launched

British Telecommunications yesterday announced a service designed to use ordinary telephone wires for high speed internet and multimedia services. But analysts said the service is old technology attractively repackaged. BT said its Highway service, available from September 15, is the first step in a process which should see every UK household connected to advanced digital communications by 2003. It said the technology - developed by Marconi Communications and Ericsson, the Swedish telecoms manufacturer - will give customers high-speed access to the internet while allowing simultaneous conventional voice calls. Afshin Mohabbat, managing director of BT's business division, said only 1.6m UK households were connected to the internet. David Clevelley, managing director of Analysys, the telecoms consultancy, said the launch was an excellent move for BT in the absence of ISDN products from its principal UK competitors. But he said the product was essentially 10-year-old ISDN technology in new packaging. Alan Cane, London

GENETICALLY MODIFIED FOOD

Royal Society urges regulator

The Royal Society, Britain's senior scientific academy, yesterday urged the government to set up a "super-regulator" to oversee development of genetically modified crops and food. The recommendation was part of the society's response to the growing controversy over "GM foods". "Although mechanisms are already in place to regulate many individual aspects of GM technology there is no means for looking at GM technology as a whole," it said. The super-regulator would span the responsibilities of departments dealing with agriculture, health and the environment. It would enforce regulations and strengthen guidelines for farmers growing GM crops. "Although the debate has focused mainly upon the risks of this technology, we must not lose sight of its huge potential benefits," said Sir Aaron Klug, society president. Olive Cookson, London

CITY TELEVISION STATIONS

Local cable network closes

Channel One, the cable channel owned by Daily Mail & General Trust, is to close after amassing losses of £40m (\$68m) in a failed effort to pioneer local cable television networks in the UK, matching those in the US. DMGT announced the closure of the wholly-owned stations in London and Bristol, in south-west England. The company would not comment on the size of the losses but said it could not see the enterprise making the money up to 2002. Some industry executives said the announcement cast doubt on the future of Live TV, the rival cable-only channel that is owned by Mirror Group.

However, Mirror said it was gaining higher revenues from advertising on its services. John Gapper, London

Names jubilant as Lloyd's vows to support them

By Jim Kelly in London

Individual investors at Lloyd's yesterday abandoned a threat to call an emergency general meeting after the market's ruling council pledged long term support for their role.

Max Taylor, Lloyd's chairman, wrote to all the investors - known as Names - promising that there "will be no move to withdraw the rights of individual Names to continue trading in the Lloyd's market".

"I believe that Names are here to stay at Lloyd's and we now have a clear commitment to fair and equitable treatment that will enable us to trade forward," said Michael Deeny, chairman of the Association of Lloyd's Names.

Lloyd's privately believes Names misunderstood constitutional changes proposed by the Kent Committee in March as an attack on their place in the market, where their influence is being displaced by corporate capital. Names were jubilant yesterday, saying Mr Taylor's

letter represented a change in the attitude of Lloyd's to individual Names.

Lloyd's privately acknowledged that the Kent Committee's proposals - which have largely been accepted - could have been misinterpreted and modifications were made.

● Traditional Names who convert to limited liability will be able to vote with Names - not with the corporate investors. This helps protect their representation.

● There will be guaranteed representation for private capital on Lloyd's council as long as Names continue to provide at least 5 per cent of market capacity - rather than 10 per cent recommended by the Kent Committee.

● There will be lower thresholds for calling general meetings.

"The reality has been that there was a campaign to encourage Names to depart from the market - this marks a sea change in the attitude of the corporation at least," said one senior Name.



Portrait of a lady: Baroness Thatcher, the former Conservative prime minister, posed for an artist yesterday for a painting by a "formidable woman... formidable because the things for which she stood are enduring." The painting was commissioned by the University of Buckingham to mark the end of Lady Thatcher's six years as chancellor of Britain's only private university. James Glick, the artist, said: "When she looks you in the eye it's like looking at two loaded Exocet missiles." PA

European soccer 'super league' rejected

By Patrick Harverson in London

The 20 soccer clubs in the Premier League yesterday agreed to oppose any attempt to establish a break-away "super league" in Europe and declared unanimous support for Uefa, the European game's governing body.

The decision is a blow for Media Partners, the Italian marketing firm behind the proposal, which is attempting to lure away three top English clubs and counterparts from mainland Europe.

But Media Partners - which presented its proposals to the Premiership clubs at their meeting in London yesterday - last night said it remained confident of achieving its aim of reforming European club soccer.

Rodolfo Hecht, the firm's president, said: "We had a very productive meeting. The Premier League was very keen to become involved in the European Football League project."

Despite Media Partners' upbeat appraisal of the meeting, Premier League officials said they felt the tide had shifted firmly in Uefa's favour. "The clubs want to remain within Uefa," said Peter Leaver, the league's chief executive, adding that the top soccer leagues in Italy and Spain agreed.

Gerd Aigner, general secretary of Uefa, also attended yesterday's meeting, where the clubs agreed that any future dialogue with Uefa or Media Partners would be conducted solely through the Premier League.

This means the three clubs approached by Media Partners - Manchester United, Arsenal and Liverpool - would no longer talk to the firm independently, said Mr Leaver.

The Premiership clubs also affirmed their stance on qualification for European football which, they said, must be based on the performance of clubs in the season prior to the competition.

Media Partners plans to grant 18 "founder" clubs in its super league a three-year exemption from qualification.

There was a suggestion at the meeting that Uefa might accommodate Media Partners at some point in the future, even though the organisation has a contract with Team Marketing, the Swiss firm, for it to handle the marketing rights to Uefa competitions until 2002.

Integration costs hit profit at state nuclear company

By Andrew Taylor,
Utilities Correspondent

British Nuclear Fuels, which expects by the end of this year to have completed its \$1.2bn joint venture takeover of the nuclear activities of Westinghouse of the US, yesterday reported a dip in profits.

The cost of integrating its recently-acquired Magnox Electric nuclear power plants pushed pre-tax profits down by almost 8 per cent to £195m during the 12 months to the end of March.

But the state-owned nuclear group increased the dividend paid to the UK government from £46m to £53m. One-third of BNFL's turnover last year was generated outside the UK.

The group, seen as a privatisation candidate, experienced a rollercoaster year which included its takeover of Magnox Electric, the call-off of a £900m venture with Siemens of Germany and the award of two big US nuclear clean-up contracts.

John Taylor, chief executive said pre-tax profits would have been a repeat of the £218m the previous year but for the costs of integrating the Magnox nuclear plants. There were also problems in bringing the group's existing Magnox reprocessing interests back on stream.

He cautioned that further integration costs would arise. These could leave 1998-99 pre-tax profits at between £180m-£190m. Westinghouse was unlikely to contribute to profits, with a deal not expected before the end of this year.

The purchase will leave Morrison Knudsen, BNFL's US partner, with a 60 per cent stake in Westinghouse's nuclear business. BNFL has already broken into the US market with the award in July of a contract to clean up US military nuclear waste at Hanford, in Washington state, which BNFL said could be worth up to \$6.9bn. This is in addition to the group's existing \$2.5bn order book in the US.

Northern Ireland politicians dance to the Clinton tune

Diplomacy between the unionist leader and the Sinn Féin president has been carefully choreographed, says John Murray Brown

David Trimble and Gerry Adams were engaged in a ritual dance yesterday with the anti-nationalist first minister of Northern Ireland being discreetly prodded to agree to a face-to-face meeting with the president of Sinn Féin, the political wing of the Irish Republican Army.

The diplomacy was carefully choreographed to coincide with yesterday's visit by President Bill Clinton in an effort to give fresh momentum to a process badly damaged by recent events, notably the bomb attack in Omagh by the breakaway Real IRA.

The pace of the week's developments has been hectic. After a headline statement from the IRA at the

weekend ruling out de-commissioning of weapons, Mr Adams adopted a more conciliatory tone. He went as far as he has ever done to repudiate the actions of republican terrorists, urging that the violence of the Omagh bombing "must be a thing of the past".

In a further gesture to unionists the party on Wednesday nominated Martin McGuinness, its chief negotiator, to sit on the body set up to oversee de-commissioning.

Sinn Féin was under considerable pressure following the Omagh bomb to demonstrate on which side of the new dividing line it stood - with the peace-makers or with those intent on destroying the peace.

The Sinn Féin gestures were secured with considerable input from Washington. The White House made it known that the president had been in telephone contact with Tony Blair, the UK prime minister, on the night before his recent grand jury testimony in the Monica Lewinsky scandal.

He told one Northern Ireland assembly member that he had been "working hard on the de-commissioning issue for the past three weeks". Officials say his staff has been in almost daily contact with Sinn Féin and the other parties in a bid to secure some movement at a time when public faith in the peace process had been badly shaken.

Sinn Féin's declaration has increased the likelihood of a first meeting between Mr Adams and Mr Trimble. The Ulster Unionist leader was giving nothing away publicly yesterday. But in

his speech to local business and community leaders, President Clinton indicated a commitment had already been given by Mr Trimble. The president commended the "words and actions of your political leaders and their willingness to meet".

The planned session of party leaders in Belfast, Northern Ireland capital, on Monday would provide the obvious cover. But the handshake, if there is one, is likely to be out of sight of the cameras.

Sceptical unionists will dismiss any such meeting as a public relations coup for Sinn Féin. But Mr Trimble appears more sanguine. Even Jeffrey Donaldson, the dissident Ulster Unionist MP - who defied the leadership in opposing the Good Friday agreement - seemed unperturbed at the prospect of his party leader and Mr Adams meeting.

Sinn Féin officials insist the ball is now in Mr Trimble's court, while unionists want to see more evidence of their conversion. Mr Trimble is expected to move his defences. The next test will be whether he will agree to sit with Sinn Féin in the executive with the other parties. The process could still founder on this issue. One of Mr Trimble's key aides said yesterday the party would want to see "verifiable" disarmament by the IRA before Sinn Féin can take its seats.

The assembly reconvenes on September 14. The parties have to agree the areas of cross-border co-operation by the end of October. The only other blinding date is when the executive has to take over the governance of Northern Ireland in February.

Observer, Page 11

LEGAL NOTICES

US\$150,000,000

Floating Rate Capital Notes due 2001

issued by

BARINGS BV

(In Liquidation in The Netherlands)

in January and October 1986

guaranteed by

BARINGS PLC

(in Liquidation in England)

NOTICE IS HEREBY GIVEN that a meeting (the "1986 Noteholders Meeting") of the holders of the above-mentioned notes (the "1986 Notes") is convened for 10.00 a.m. on 16th September, 1998 at The Insurance Hall, 20 Aldermanbury, London EC2V 7RY (having been adjourned through lack of quorum on 20th July, 1998 and further adjourned with the consent of holders at the quorum meeting convened on 12th August, 1998).

The purpose of the 1986 Noteholders Meeting is to consider and, if thought fit, approve an extraordinary resolution to modify the terms of the 1986 Notes and the trust deed constituting the 1986 Notes, in order to implement a proposed scheme of arrangement between, among others, Barings PLC (the guarantor of the 1986 Notes) and the trustee of the 1986 Notes. If the extraordinary resolution is passed, the rights of the holders of the 1986 Notes may be fundamentally altered.

The terms of the extraordinary resolution to be proposed at the 1986 Noteholders Meeting are set out in full in the Circular which was distributed through Euroclear and Cede Bank on 3rd June, 1998. Further copies of the Circular may be obtained by contacting Ernst & Young (Stephen Harris or Vivienne Oliver) on telephone number (44) (171) 931 4327 or (44) (171) 931 3120 during normal working hours.

VOTING AND QUORUM

1. An investor in 1986 Notes wishing to attend and vote at the 1986 Noteholders Meeting in person must produce at the meeting either the definitive 1986 Notes or a Voting Certificate issued by one of the Paying Agents for the 1986 Notes.

2. An investor in 1986 Notes not wishing to attend and vote at the 1986 Noteholders Meeting in person may either deliver his definitive 1986 Notes or duly issued Voting Certificate to the person whom he wishes to attend on his behalf, or arrange for the votes attributable to his 1986 Notes to be cast for or against the extraordinary resolution by applying to have those votes included in a Block Voting Instruction issued by a Paying Agent.

3. Where investors in 1986 Notes applied for a Voting Certificate or to be included in a Block Voting Instruction in respect of the original meeting convened for 6th July, 1998, or for the adjourned meeting convened for 12th August, 1998, those instructions will remain in force unless revoked by the relevant investor, and the Paying Agents will, for due course issue new Voting Certificates and/or Block Voting Instructions accordingly. Investors who have not revoked their instructions and who would like their instructions to remain effective need take no further action.

4. Investors in 1986 Notes who did not submit instructions in respect of the previous meetings, or who would like to alter their previous instructions, should obtain a Voting Instruction Form from Ernst & Young (Stephen Harris or Vivienne Oliver, contact details as described above) and complete it to apply for a Voting Certificate or to be included in a Block Voting Instruction. Completed Voting Instruction Forms should be submitted to the account holder with Euroclear or Cede Bank through whom the investor's interest in 1986 Notes is held, who will forward the details of the instructions to Euroclear or Cede Bank as applicable. (If the 1986 Notes are not held through Euroclear or Cede Bank, the investor should submit the completed Voting Instruction Form direct to a Paying Agent together with the definitive 1986 Notes, or may attend the meeting on production of the definitive 1986 Notes themselves). 1986 Notes must be deposited or held with or to the order of a Paying Agent (except where definitive 1986 Notes are to be produced at the meeting) not later than 48 hours before the time appointed for the 1986 Noteholders Meeting. Where 1986 Notes are held through Euroclear or Cede Bank, Euroclear or Cede Bank as applicable will (if instructed in sufficient time) arrange for this to be done.

5. The quorum at the 1986 Noteholders Meeting is two or more people present in person holding definitive 1986 Notes or Voting Certificates or being properly appointed under Block Voting Instructions, and representing in aggregate not less than one-quarter of the principal amount of 1986 Notes then outstanding. To be passed, the extraordinary resolution requires a majority in favour of three-fourths of the votes cast at the meeting.

A. E. Mills

joint liquidator of Barings PLC

as agent and without personal liability

3th September, 1998

Paying Agent

Kredietbank N.V.

7 Rue d'Arenberg

B-1000 Brussels

Attn: Roger Decamps

Tel: (32) 422 0946

Fax: (32) 422 8143

Telex: 21 207

Principal Paying Agent

Kredietbank S.A. Luxembourgise

45 Boulevard Royal

L-2955 Luxembourg

Attn: Marianne Lockman

Tel: (352) 4797 5215

Fax: (352) 4797 5370

Telex: 3418 KBLUX U

Rugger Jan Graaf Schimmelpenninck

in his capacity as curator (liquidator) of

Barings BV without personal liability

3th September, 1998

Paying Agent

Credit Suisse First Boston

8 Paradeplatz

CH-8021 Zurich, Switzerland

Attn: Back Office Emmissions

Tel: (41) 33 5269

Fax: (41) 33 4979

Telex: 812412 CS CH

THE ARTS

MUSIC LA JOLLA

California dream of a festival

Martin Hoyle enjoys chamber music at a little-known gathering

As a festival setting, La Jolla is a sybarite's dream. It has a golden climate, the startlingly blue Pacific, basking seals, and local wine: a combination denied to Edinburgh, Salzburg and Aix.

A cautious move has been made to dispel one's initial impression of La Jolla as the US equivalent of Torquay with less conventional fare

roll-call of the internationally established (Salonen, Jansons, Bell, Huang, Zimerman), while recitals and chamber music include Arcadi Volodos, Richard Goode, the Takacs and Vellinger quartets and Isleris and Hough - not to mention the up-and-coming Freddy Kempf, the British favourite from the last Moscow Piano Competition.

Yet for all this, the festival is a shrinking violet as far as international awareness is concerned. However, a new joint directorship to raise its profile has been appointed: David Finckel, cellist of the Emerson Quartet, and his wife, the Taiwanese-born pianist Wu Han - both, incidentally, due to make their second Wigmore Hall appearance next month.

Their hands-on programming and very hands-on promoting

underlines the festival's intimate, family feeling. A relatively small group of artists plays together, staying at local homes. This being America, the socialising is important. One concert was given in a private home belonging to the family behind Qualphon.

The small orchestral repertoire is now ignored in favour of chamber ensembles. Concerts are given in the Sherwood Auditorium, an adjunct of the Museum of Contemporary Art, where next January sees the largest collection of Francis Bacon's pope paintings so far exhibited together.

There are family concerts under the auspices of Bruce Adolphs, the composer-in-residence, workshops with young groups, and lunchtime discussions with guest speakers.

Among artists familiar to Europe were Menahem Pressler, Joseph Kalichstein, Cecile Licad and Alban Gerhardt. However, what immediately strikes the visitor is the number of talented young Taiwanese, Chinese and Korean Americans: a new generation, now settled in the New World, perpetuating the musicianship and discipline that has impressed Europe from eastern Asia in the past two decades, and a reminder to north-Atlantic dwellers that California is part of the Pacific rim.

I particularly remember David Shifrin's full clarinet tone in Schumann and the Brahms Trio Op. 114 (with the festival directors); and the freshness and excitement of many of the younger players, hopeful signs for the future. Even Prokofiev's Overture on Hebrew Themes, which can sound like a musical tourist's eye-view of *Fiddler on the Roof* country, had a variety of dynamics, colour and emotional gear-changes lavished on it. The young Miami String Quartet, joined by Toby Hoffman and the very young and promising Taiwanese American Felix Fan, brought the same freshness to the Brahms Sextet Op. 36.

If the repertoire was dominated by the romantic, a cautious move has been made to dispel one's initial impression of La Jolla as the southern Californian equivalent of Torquay with less conventional fare.



Family affair: the festival's new joint directors are husband and wife team David Finckel and Wu Han

And Ida Kavaian, whose firm attack added sizzle to a line that might have been wispy and attenuated in other hands. Their playing, with Licad, of Moszkowski's Suite in G minor provided a cheerful surprise: forthright, lyrical, big-hearted romanticism and tongue-in-cheek high spirits from a composer who, as the artists pointed out, would have been dismayed to find himself remembered for salon pieces.

Peteris Vasks' third quartet was played by the Miami, whose cellist's introduction drew humorous parallels between the Latvian's mysticism and the Californian brand. The music's northern light illuminates vistas bleaker than those of English pastoralism; but in his folk echoes, and the mixture of distantly perceived vistas and claustrophobic reflectiveness, is Vasks the Baltic Vaughan Williams?

David Finckel and Wu Han play at the Wigmore Hall on October 16.

exhibition for many years, the first retrospective devoted to the work of the 17th-century Dutch artist Pieter de Hooch, displaying 44 of his gem-like interiors.

Bringing it to Dulwich was only made possible by a stroke of good fortune, and a £35,000 sponsorship - which attracted a further £9,000 of government money under the Pairing Scheme - from the United Technologies Corporation of Hartford, Connecticut.

When the director of Dulwich, Desmond Shawe-Taylor, approached the de Hooch expert, Dr Peter Sutton, who runs the Wadsworth Athenaeum in Hartford, by chance Sutton was also planning a De Hooch exhibition. He also had a possible sponsor, United Technologies, which inhabits the next block in Hartford. The company was immediately keen and suggested to its British subsidiaries, Otis and Pratt & Whitney, that they might like to look after the display in the UK. They took the hint.

On December 24 Dulwich closes for an 18-month redevelopment which, when completed by May 2000, will leave the gallery looking even more like Soane's early 19th-century original, together with a much-needed café and educational centre.

EDINBURGH US DRAMA

Silly O'Neill, brave McNally

The Oedipus complex becomes more complex than usual in Eugene O'Neill's play *More Stately Mansions*, Simon's wife and mother fight for power over him, then they side against him... his mother is widely, his wife maternal, and neither they nor he want what they get. Two corners of the triangle are forever opposing the third, with frequent changes of allegiance. As the play proceeds, these changes accelerate. In Act Three, there is about one volte-face per minute.

More Stately Mansions is described as an unfinished play. New York Theatre Workshop brought it to Edinburgh in a version finished and adapted by Karl Ragnar Gierow. Its problem, however, seems to be not a lack of ending but an excess thereof. The shape of the play is fairly obvious from the first, and grows only more so. More ridiculous, too.

I doubt any performance could save this twaddle, written in those palmy American days when psychoanalysis was just becoming, in Edwin Denby's words, a household remedy. Although here or there O'Neill has tacked on a few fig leaves of plot, mainly his central three characters just vent their feelings.

Still, O'Neill shows you at regular intervals why he is, with Tennessee Williams and David Mamet, one of America's three foremost playwrights. He never lacks audacity: his characters, however absurd, are heroic. Tennessee Williams' more audacious psychodramas are more poetic than this, but not more courageous.

The New York Theatre Workshop style, alas, is to ironise. The actors, under the direction of the Belgian-born director Ivo van Hove, comment on the play by means of artificial exaggeration. Now they pelt out speeches at breakneck speed, now they switch into ordinary tempo, now they shout. Tim Hopper and Jenny Bacon, as Simon and his wife Sara, supplement one scene with a prolonged nude acrobatic pas de deux, like those in Kenneth MacMillan's *Mayerling*, except that she gets to lift him too. Nothing could be sillier.

The mania of O'Neill's play is presented in inverted commas throughout. This is wise-guy acting of the most accomplished and revolting kind. Van Hove must take the blame. How many more vile examples of Director's Theatre must the festival make its audiences endure?

Sentimental, navel-gazing, naive - there is a reassuring predictability about gay plays, Antony Thornecroft writes. But they can also be gripping, uplifting and fun. Terence McNally's *Love! Valour! Compassion!*, which received its British premiere on the Badlam Theatre on the Edinburgh Fringe, is definitely in the superior group. The scenario has the familiarity of a Greek tragedy. A group of elite friends, artistic and successful, gather on successive holiday weekends

at Gregory's house. They bitch andicker; flirt and flounce; and generally carry on in the way every group of sophisticated gays has behaved on stage since the seminal *The Boys in the Band* decades ago.

But *Love!* has been graced with a superb seven-strong cast (Chris Pickles plays the HIV-ridden John), and inspired writing by McNally. There is even a trace of a storyline, with Greg, a choreographer, suffering creator's block as he attempts to complete a new ballet.

The characters may be caricatures - Arthur and Perry, an old married couple with 14 years of love itching in places; Buzz, also HIV positive and hiding his fears beneath an encyclopaedic knowledge of the Broadway musical; Bobby, Greg's much younger lover, beautiful in body and spirit and affecting blind; Ramon, a slice of Puerto Rican hot stuff who John has brought along to cause waves; and James, from England and as camp as a bell tent: but they

The wit with which the gays hold reality at bay makes 'Love!' very funny

Inhabit a real world, and eventually drown their individual lusts and ambitions in gay solidarity.

McNally keeps the action moving rapidly, with characters breaking off to keep the audience up to speed with the sub-plots of past romances and secret desires. Couples confront their own crises as the weekend party splits, and solos, and comes together again in an elegiac gavotte. The wit with which gays hold reality at bay makes *Love!* very funny, but there is no escaping the scourge of Aids, which gives McNally the chance to write with great compassion.

There is music, in the lake, there is a sentimental ending as the men put on their tuxedos again to perform *Swan Lake* in yet another Aids benefit. Here they are finally sending up the sexuality which has so driven their lives, for good and ill. *Love!* is a snapshot of a small slice of a particular community at a certain time but it is wonderfully composed and sparkily written.

Chris Pickles catches the eye twice and is perhaps more effective as supercilious John, who accepts his warped character, than as childlike James who, in one of McNally's bold gestures towards the mania, has a last affecting fling with Buzz (an endearingly overbearing Mike Goodenough). And Narsi is a credibly petulant Ramon and Nick Marlow makes the most of the too-good-to-be-true Bobby. But, to Stephen Henry's relaxed direction, all the cast act their socks off in the definitive gay play, at least for the 1990s.

SPONSORSHIP

Corporate backers look to the north

Antony Thornecroft assesses how attractive the Edinburgh Festival might be to businesses in the future

Let's hear it for the sponsors. That must certainly be the cry of Brian McMaster, director of the Edinburgh Festival, as the 51st jamboree ends this weekend. With the Fringe finishing a week earlier this year, and its audience quitting the city, together with a reduced subsidy, it is tough and go whether McMaster will be within his £5m budget. Thanks to sponsorship, which beat its target and topped a record £1.5m, the books should just about balance.

Companies, especially Scottish ones, have grown to love the festival. Businesses even enjoy the masochism of supporting the most avant-garde productions. This year Templeton Investment Management was prepared to invite its corporate guests to sit through Botho Strauss's new play *Die Ahnlichen* in German. Standard Life's guests got off comparatively lightly with Calderon's *Life is a Dream*.

The biggest single sponsor is the Bank of Scotland, which invests more than £200,000 in the event,

with the money going on advertising and community works as well as productions. In particular it involved 60 local children in the Pacific North West Ballet's *Midsummer Night's Dream*.

Other regular backers are the Royal Bank of Scotland, Scottish

more companies set up head offices in the city and strive to be accepted as part of the community. With subsidy unlikely to rise in the foreseeable future, sponsorship will become steadily more important.

The hunt is now on for a backer prepared to stump up £1m to com-

name, venue opportunities and gratitude - for five years.

Sponsorship is also permeating the Fringe, which attracts a much larger, and younger, audience than the festival, although it offers fewer opportunities for corporate hospitality. This year the Gilded Balloon's programme was supported by Calder's, and the Assembly Rooms' programme by The Observer.

Anyone sponsoring the Fringe is taking a risk, given the unpredictable nature of the product, so it was odd that Calder's objected to a play called *Myra and Me* which incidentally involved Moore's murderer Myra Hindley. Examples of sponsors influencing the choice of programme are very rare. In the event, there was a speedy transfer of the production from the Gilded Balloon to the Assembly Rooms. The Observer is obviously more liberal in its approach.

This week the Dulwich Picture Gallery unveiled its most ambitious

Sponsorship is also permeating the Fringe, which attracts a much larger, younger audience, although it offers fewer opportunities for corporate hospitality

and Newcastle, and BT, while Marks and Spencer has committed itself to the lecture programme, an increasingly important part of the festival. There is also help in kind, with Renault supplying ground transportation for many of the 2,000 visiting artists, and KLM providing the flights.

The Edinburgh Festival stands to gain from Scottish devolution as

INTERNATIONAL

Arts Guide

AMSTERDAM

CONCERTS
Concertgebouw
Tel: 31-20-675 4411
Los Angeles Philharmonic: conducted by Esa-Pekka Salonen in works by Adams, Mahler and Sibelius. With mezzo-soprano Lorraine Hunt; Sep 8

OPERA
Netherlands Opera, Het Muziektheater
Tel: 31-20-551 8911
New staging by Pierre Audi, conducted by Hartmut Haenchen. Cast includes Heinz Krusa, Jeannine Altmeyer and Henk Smit; Sep 8

BEIJING
OPERA
The Forbidden City
www.turandot-on-site.com
Turandot: by Puccini. Conducted by Zubin Mehta in a staging by Zhang Yimou, seen previously in Florence. With the Maggio Musicale Fiorentino; Sep 5, 6, 7.

8, 9

BIRMINGHAM

CONCERTS
Symphony Hall
Tel: 44-121-212 3333
● Chicago Symphony Orchestra: conducted by Daniel Barenboim in works by Strauss, Berg and Tchaikovsky; Sep 5
● Czech Philharmonic: in a programme of works by Janáček, Beethoven and Dvorák; Sep 6

BRUSSELS

CONCERTS
Palais des Beaux Arts
● Chicago Symphony Orchestra: conducted by Daniel Barenboim in works by Berg and Mahler; Sep 7
● Chicago Symphony Orchestra: conducted by Daniel Barenboim in works by Wagner, Schoenberg and Tchaikovsky; Sep 8

DUSSELDORF

CONCERTS
Tonhalle
Los Angeles Philharmonic: conducted by Esa-Pekka Salonen in works by Copland, Sibelius and Stravinsky; Sep 9

EDINBURGH

OPERA
Edinburgh International Festival
Tel: 44-131-473 2000
www.go-edinburgh.co.uk
● Dalibor: by Smetana. New Scottish Opera production by David Pountney. With sets by

Ralph Koltai and costumes by Sue Wilkinson. The conductor is Richard Armstrong. Edinburgh Festival Theatre; Sep 5
● Libúša: by Smetana. Concert performance by the BBC Scottish Symphony Orchestra and the Edinburgh Festival Chorus, conducted by Oliver von Dohnányi; Sep 4

THEATRE
Edinburgh International Festival
Tel: 44-131-473 2000
www.go-edinburgh.co.uk
● More Stately Mansions: by Eugene O'Neill. Adapted by Karl Ragnar Gierow from O'Neill's unfinished manuscript. Ivo van Hove directs the New York Theatre Workshop; Royal Lyceum Theatre; Sep 4, 5
● Phédre: by Racine. New Théâtre Vidy-Lausanne production, directed by Luc Bondy; King's Theatre; Sep 4, 5

FRANKFURT

OPERA
Oper Frankfurt
Tel: 49-69-21237 999
www.frankfurt-business.de/oper
La Traviata: by Verdi. In a staging by Axel Corti; Sep 4, 5

LONDON

CONCERTS
BBC Proms, Royal Albert Hall
Tel: 44-171-589 8212
● BBC Singers: conducted by Jane Glover in works by Britten, Kodály, Elgar, Szymanowski and Pärt. With the Chorus of Guildford Cathedral; Sep 4
●ournemouth Symphony

Orchestra: conducted by Yakov Kreizberg in works by Glinka, Rachmaninov and Shostakovich. With piano soloist Arkady Volodos; Sep 9
● Chicago Symphony Orchestra: conducted by Daniel Barenboim in works by Strauss, Berg and Tchaikovsky; Sep 4
● Czech Philharmonic: conducted by Charles Mackerras in works by Janáček and Mahler; Sep 7
● Czech Philharmonic: conducted by Libor Pešek in works by Dvořák, Szymanowski and Brahms. With violin soloist Raphael Oleg; Sep 8
● European Union Youth Orchestra: conducted by Vladimir Ashkenazy in works by Berg and Strauss. With soprano Barbara Bonney; Sep 5
● London Symphony Orchestra and Chorus: conducted by Colin Davis in works by Beethoven (arr. Colin Davis and David Matthews) and Tippett. With soloists including bass John Tomlinson; Sep 6

EXHIBITIONS
Hayward Gallery
Tel: 44-171-261 0127
www.hayward-gallery.org.uk
b.1941, this exhibition focuses on his relationship with language, and includes sound and video installations; to Sep 6

Tata Gallery
Tel: 44-171-887 8000
Patrick Heron: b.1920, Heron is one of the leading figures of 20th century British art. This display

includes around 80 paintings, from the 1930s to the present; to Sep 6

LUCERNE

CONCERTS
International Festival of Music
Tel: 41-41-226 4400
www.lucernefestival.ch
● Amsterdam Baroque Orchestra: Ton Koopman conducts works by Mozart. With soprano Lisa Larsson, contralto Elisabeth von Magnus, tenor Paul Agnew and bass Klaus Mertens; Sep 6
● BBC Symphony Orchestra: Andrew Davis conducts works by Ravel, Mozart, Walton and Elgar. With pianist Richard Goode; Sep 7
● Leipzig Gewandhaus Orchestra: in works by Honegger and Bruckner. The conductor is Herbert Blomstedt; Sep 8
● Los Angeles Philharmonic: conducted by Esa-Pekka Salonen in works by Strauss and Bruckner. With soprano Gundula Janowitz; Sep 4
● Royal Concertgebouw Orchestra: conducted by Riccardo Chailly in works by Debussy and Varèse. With soprano Sarah Leonard; Sep 5

NEW YORK

EXHIBITION
Guggenheim Museum
Tel: 1-212-423 3500
www.guggenheim.org
Vilhelm Hammershoi (1864-1916): Danish Painter of Solitude and Light. Retrospective seen in Copenhagen and Paris last year.

comprising 60 works by this relatively unknown contemporary of Munch. Includes portraits and landscapes as well as interiors, many of which depict the rooms of his Copenhagen home; to Sep 7

Metropolitan Museum of Art
Tel: 1-212-679 5500
www.metmuseum.org
Sir Edward Burne-Jones: first American exhibition devoted to the 19th-century British artist, comprising more than 200 works, including tapestries and jewellery as well as paintings; to Sep 6

SAN FRANCISCO

EXHIBITIONS
San Francisco Museum of Modern Art
www.sfmoma.org
Alexander Calder (1898-1976): around 250 works, among them some of the best examples of Calder's formally innovative sculpture. Alongside the mobiles and stables are selected paintings, drawings and jewellery; from Sep 4 to Dec 1

TOKYO

CONCERT
Suntory Hall
Tel: 81-3-3584 9999
● Japan Philharmonic Symphony Orchestra: conducted by Gianluigi Gelmetti in Rossini's *Pelle Meesse Schenker*; Sep 6
● Japan Shinsai Symphony Orchestra: conducted by Antonello Allemandi in works by Rossini; Sep 5
● Tokyo Metropolitan Symphony

Orchestra: conducted by Ken Takasaki in works by Reger and Beethoven; Sep 4

EXHIBITION
Museum of Contemporary Art
Tel: 81-3-5245 4111
At the End of the Century: One Hundred Years of Architecture; to Sep 6

TURIN

CONCERT
Lingotto Fiere
Los Angeles Philharmonic: conducted by Esa-Pekka Salonen in works by Schoenberg and Bruckner; Sep 7

TV AND RADIO

● WORLD SERVICE
BBC World Service radio for Europe can be received in western Europe on medium wave 848 kHz (463m)

EUROPEAN CABLE AND SATELLITE BUSINESS TV

● CNN International
Monday to Friday, GMT:
06.30: *Moneyline* with Lou Dobbs
13.30: *Business Asia*
19.30: *World Business Today*
22.00: *World Business Today Update*

● Business/Market Reports:
05.07: 08.07; 07.07; 08.07; 09.07;
10.07; 11.07; 11.32; 12.07; 13.07;
14.07.
At 08.20 Tanya Beckett of FTV reports live from Liffe as the London market opens.

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700

Friday September 4 1998

Funding for the IMF

Latin American finance ministers are meeting with the International Monetary Fund to discuss growing turmoil in emerging markets. But if one of them needed to call on the IMF's assistance, the fund would not have the wherewithal to help. This is hardly desirable at a time of extreme turbulence in global markets. Action is urgently needed in Washington to bolster the fund's resources.

The IMF's heavy spending on support for ruined Asian economies has left its finances severely depleted. To assist Russia, it even had to summon up the long-dormant General Arrangements to Borrow (GAB), which can be called on only when the stability of the international monetary system is at risk.

Yet the US Congress has been balking at a Clinton administration request for the urgent release of \$18bn to enable the fund to fight further contagion. And Russia's collapse has certainly made the task of overcoming Republican objections no easier.

The Senate will approve the IMF's capital increase. The House is less certain. Speaker Newt Gingrich has been highly critical of the IMF's role in Russia. This may just be political posturing – but the House could say no to more money.

Congress is rightly concerned about the risk of moral hazard resulting from IMF bail-outs for irresponsible investors. However, the IMF's capital increase. The House is less certain. Speaker Newt Gingrich has been highly critical of the IMF's role in Russia. This may just be political posturing – but the House could say no to more money.

Russia's default has rather reduced this fear: investors there lost their shirts. The markets' stomach for risk has been shaken. The overriding danger now is not moral hazard, but global contagion.

Columbia this week became the first Latin American country to devalue, and Venezuela's currency is under enormous pressure from speculators. From its own reserves and emergency borrowing mechanism, the IMF could in theory bail out Venezuela. But the \$25bn or so it could scrape together would not be enough to save Brazil, a much bigger fish, if pressure to devalue the real became unbearable.

The IMF can perform the role of international lender of last resort only imperfectly, and it cannot eliminate the confidence crises to which adjustable currency pegs are prone. Its funds are limited, and available only in tranches with conditions. This is laborious in an emergency.

But the IMF does have a vital role. It can help to smooth balance of payments adjustment and support distressed currencies. For the US to refuse the IMF finance at this juncture would send a disastrous signal to world markets. Mr Gingrich and his colleagues will not want to be responsible for a global financial collapse just before an election.

They should approve the release of IMF funds now, and re-open a necessary debate on the IMF's performance at a later date.

Chaebol shuffle

The proposal by South Korea's five largest conglomerates, or chaebol, to combine troubled subsidiaries in seven industrial sectors suggests the country may at last be facing up to the urgent task of corporate restructuring. However, on the basis of the sketchy information available, it is unclear that the planned measures will go far or fast enough. They might even prove a big step in the wrong direction.

Korea's industrial structure has long been distorted by extensive duplication, caused by the chaebol's pell-mell diversification into identical businesses. The competitive costs were evident before the country's economic crisis. Since it erupted, weak domestic demand, rising excess capacity and the chaebol's growing debt service problems have made swift surgery imperative.

President Kim Dae-jung has urged the chaebol to rationalise by swapping assets, so as to specialise in areas of strength. However, their response is far less radical, envisaging consolidation through mergers of selected activities. Although some, such as semiconductor makers, have a reasonable competitive track record, others appear beyond commercial redemption. Given the chaebol's tribalistic rivalry, talks on merger terms may take months. Even if they succeed, Korean companies' ability to manage joint ventures remains unproven.

It may be that the plan is envisaged as a stepping stone towards a wider realignment. But Korea's economic plight allows little room for half-measures. A gloomier possibility is that the chaebol view the asset reshuffle not as a way to reduce exposure to troubled businesses, but to keep their fingers in as many industrial pies as possible.

The plan's most worrying aspect is its failure clearly to acknowledge the need to close or cut back any of the troubled businesses. Instead, there are hints that it will pave the way for new investment and job creation. Given the parlous financial state of Korean industry, its poor productivity record and widespread over-manning, that looks like self-delusion.

Korea's reluctance to contemplate large-scale redundancies deserves sympathy. Resistance among its notoriously militant trades unions remains strong, while the lack of state unemployment benefits poses threats of political and social unrest. For those reasons, any government aid for restructuring should be paid to displaced workers not to companies, as the chaebol want.

But far-reaching industrial adjustment remains indispensable to economic recovery. The government, the chaebol and the unions need to recognise that delaying the process can only increase the eventual pain.

Superbug wars

Anxiety about the spread of microbes resistant to antibiotics has been increasing fast. Next week chief medical officers from the European Union meet in Copenhagen to discuss the problem. And yesterday the UK department of health issued guidelines for doctors, patients and the general public.

The gradual development of superbugs is, at one level, inevitable. The more antibiotics are used, the faster will microbes adapt by Darwinian selection to become resistant to them, infecting other patients and passing their resistance to other kinds of microbes. As the pharmaceutical industry's ability to develop new drugs has not kept pace, the pressure begins to look alarming.

In the UK, for example, the incidence of a form of food poisoning resistant to antibiotics increased globally between 1982 and 1996. Worldwide, tuberculosis is once again starting to defy treatment. The longer term, the UK report points the dire possibility of a turn to the dark ages in medicine: the loss of effective antibiotics could not only bring back deadly diseases, but make it impossible to carry out many operations such as transplants or at replacements.

Yet even if the battle of the bugs cannot ultimately be won, tinkering could greatly strengthen its armoury. The most obvious step would be to use

antibiotics more sparingly, both among humans and in animal husbandry. Unnecessary or incorrect use merely gives the microbes a better chance of mutating into a resistant strain.

At present consumer pressures and doctors' compliance lead to the frequent prescription of antibiotics for viral infections which they cannot cure, such as many sore throats and colds. For other complaints such as cystitis in women, the course of treatment is often twice as long as is necessary.

Then the routine use of certain antibiotics to promote growth in animals poses an increasing threat to humans. This is because resistance built up in animals may be transferred, making some bugs proof against medicines used by humans. Use among animals therefore needs to be curbed.

Meanwhile, improved prescription practices, better hygiene and the spread of knowledge among patients could make a big impact, as was shown in the remarkable fightback against resistant strains of TB in New York during the last six years.

Since bugs know no frontiers, the campaign must be international. And since it raises big questions about education and the priorities of the pharmaceutical industry, it needs a higher political profile. Next week's conference could be a good start.

Malaysia's prime minister, can always be relied upon for entertainingly splenetic attacks on conventional economic wisdom. But recent turbulent events in world financial markets have meant his is no longer a lone voice. An anti-market backlash has begun.

Policymakers and economists are increasingly questioning whether it is appropriate to impose a single model of Anglo-Saxon capitalism in countries at very different stages of development. Debate is focusing in particular on whether countries should allow investment capital to flow unimpeded across their borders, as the IMF suggests they should.

Of course, no one is proposing the re-introduction of central planning, even if (Victor Chernomyrdin is to be believed) in Russia. But anti-market backlash is more than just one or two special cases and is not confined to countries with an existing tradition of interventionist policies. Even in economies that have been exemplars of the liberal capitalist model – such as Hong Kong – policies are being implemented that make western free-market economists throw their hands up in horror.

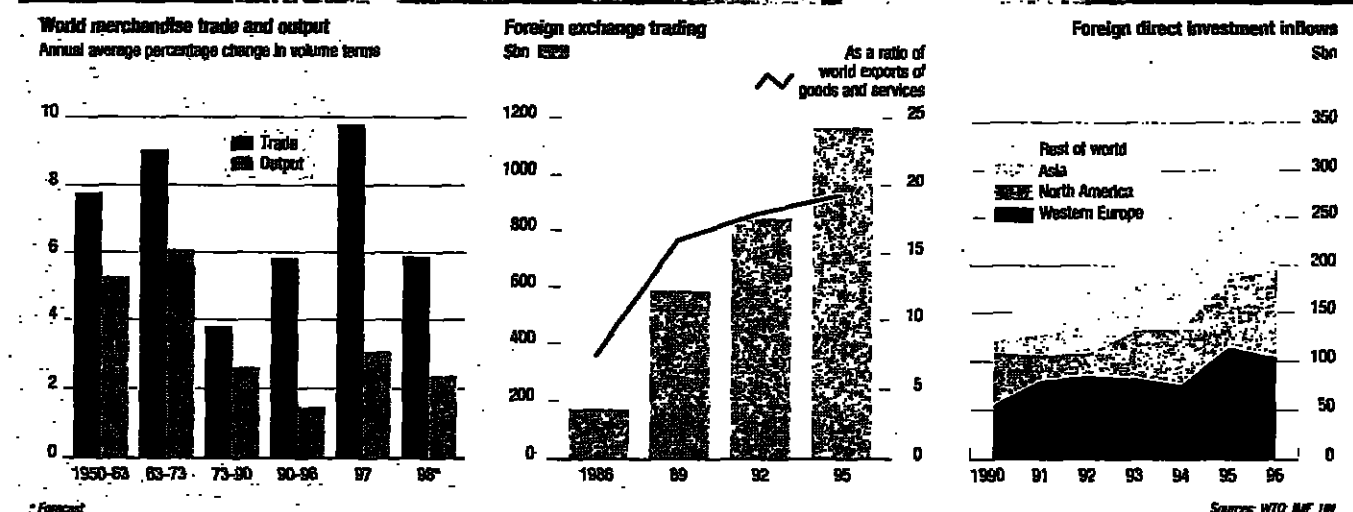
The growing assertiveness of the anti-market forces is typified by Dr Mahathir's imposition of capital controls on the currency, the ringgit. The conversion into foreign currency of ringgits held by non-residents is subject to the approval of the central bank. Trading in ringgit instruments by offshore banks is banned. Malaysian banks may not offer domestic credit facilities to non-resident banks or stockbrokers. All sellers of Malaysian securities held for less than a year have to retain their ringgit proceeds for another year.

In effect these measures have withdrawn the ringgit from the international financial system. As governments in emerging market countries across the globe become increasingly weary of the economic dislocation caused by footloose capital flows, investors are understandably nervous that others will follow suit.

"In this environment, you are going to see more policymakers considering capital controls", says Avinash Persaud, head of currency research at J.P. Morgan in London. "This will feed the risk aversion we are seeing in markets, because people will say: 'Here is a risk I can't quantify; one which is primarily political rather than economic.'"

This political dimension is evident in Malaysia. A day after imposing capital controls, Dr Mahathir sacked Anwar Ibrahim, his liberal finance minister and deputy. Together with Ahmad Mahamad Don, the central bank governor who resigned last week, Mr Anwar had reassured investors with his orthodox pro-market views and willingness to impose tough monetary and fiscal policies.

Given Dr Mahathir's long-standing distrust of the "jungle of ferocious beasts", as he described the global capital markets last year, an anti-market backlash there was always on the cards. Less predictable were events in Hong Kong, where the government last week tried to deter speculation against its currency peg by purchasing an estimated \$15bn of shares on the Hong Kong stock market.



Banking giant HSBC Holdings says the Hong Kong Monetary Authority now holds almost 9 per cent of its equity. The HKMA refuses to disclose its stake in other Hong Kong stocks, but broker Hongkong & Shanghai Securities estimates that it owns 7 per cent of Hongkong Telecom, 7 per cent of Hutchison Whampoa, 9 per cent of Cheung Kong (Holdings), and 11 per cent of Swire Pacific Holdings, which controls airline Cathay Pacific.

This partial nationalisation of the Hong Kong economy horrifies even some of its stoutest defenders. Milton Friedman, the Nobel prizewinner and doyen of free-market economists, once said that "to see how the free market really works, Hong Kong is the place to go". In an interview yesterday he described last week's share buying spree as "insane".

"Hong Kong spent years building up a well-deserved reputation for being a society in which markets are allowed to operate freely and the government stays out," Professor Friedman said. This helped provide confidence in the currency peg. "But once the Hong Kong government starts meddling with the stock market all bets are off."

Leaving aside the question of ideological soundness, the monetary authority's tactics are questionable. As Shou-Kang Li, of Deutsche Bank in Hong Kong, argues: "Intervention has done little more than expose the government's pain threshold."

This can be dangerous when a government is attempting to defend a currency peg. As the collapse of the European exchange rate mechanism in 1992 and 1993 demonstrated, speculators' small blood when governments signal that they are unwilling to pay the cost to the real economy of defending an exchange rate peg. As a currency board, the Hong Kong dollar peg

is much stronger than those of the ERM. But in the end the same principle applies.

Whatever the economic justification, one factor which recent events in Malaysia and Hong Kong have in common is a deep-seated frustration and annoyance among policymakers at the aggressive tactics of highly leveraged hedge funds.

In Hong Kong hedge funds –

'You are going to see more policymakers considering capital controls'

reportedly led by a certain George Soros – have profited by borrowing shares and selling them on the assumption that their price will fall before they have to be returned. This fall in share prices is then engineered by selling Hong Kong dollars, which under the currency board system produces an automatic rise in interest rates.

As part of the anti-market backlash, hedge funds are being demonised in much the same way that Britain's government blamed the "gnomes of Zurich" for its balance of payments crises in the 1960s.

Hedge funds can indeed cause disruption and contributed significantly to Monday's plunge on Wall Street. But they are small in comparison to other players and rarely prompt other investors to follow their lead.

Nonetheless, the way in which these attacks have gone hand in hand with wider market intervention – show how far the debate about the wisdom of

unimpeded capital flows has moved since 1996, when the former UK chancellor Kenneth Clarke proposed that the IMF should amend its articles of agreement to encourage the liberalisation of capital flows. He also argued that the institution should have formal jurisdiction over them.

The IMF was all for this idea, although in the light of the Asian financial crisis last year it began talking about the importance of "orderly" liberalisation, emphasising that countries should not be forced to abandon capital controls until their domestic financial systems were ready to cope. Following Malaysia's move the Fund is likely to find itself much more on the defensive when its annual meeting gets under way early next month.

The debate has become more highly charged as "respectable" economic opinion has swung behind the case for capital controls. Most recently Paul Krugman, a prolific professor at the Massachusetts Institute of Technology, has joined the chorus. Writing in *Fortune* magazine he argued that the failure of the IMF's Plan A in the crisis economies necessitated the adoption of Plan B: exchange controls.

Exchange controls require exporters to sell foreign currency earnings to the government at a fixed exchange rate, at which that currency is then sold for approved payments to foreigners – normally basic imports and debt service. Other foreign exchange transactions may be illegal or forced into a parallel market. Either way this means that the country can reduce domestic interest rates without worrying about a plunge in the currency. China and India have followed this path and been hurt much less by the market turmoil than others.

Malaysia exploited this room for manoeuvre yesterday, cutting interest rates following its first recession in 17 years. Prof Krugman welcomed Malaysia's decision to take his advice, but warned that capital controls could only be a stopgap measure to give breathing space for reform. He noted that the economic distortions created by the controls would grow over time. The controls should not be used to defend an overvalued currency or "to prove points about the soundness of the pre-crisis economy, or about the wickedness of hedge funds, or anything else".

The IMF, not surprisingly, has been less enthusiastic about the Malaysian action. But if it is to stop many other countries following Malaysia's example inappropriately, it will have to argue the case for liberalised capital with greater vigour.

And there is a strong case to argue. The theoretical rationale for free capital flows is more ambiguous than that for free trade in goods and services, but similar principles apply. Liberalisation allows capital to flow to where it can be used most effectively – promoting increased investment, faster economic growth and better standards of living in recipient countries. For investors in capital exporting nations it offers higher returns and diversification of risks.

Recent events have exposed the dangers of capital flows, especially in countries with adjustable-peg exchange rates and weak financial systems. But this hardly seems to justify a broader loss of faith in free markets: after all, current account convertibility seemed just as risky in the 1940s as free flows of capital do now. Yet in the years that followed it proved an engine for unprecedented world growth. Handled carefully, capital account convertibility could do the same now.

OBSERVER

Inattention to detail

Economics professor Yoko Sasamori was a surprise choice to head the committee charged with judging which Japanese banks should be bailed out with public funds. It is rare for a woman – let alone a woman old enough to be a grandmother with no experience of banking – to get such a stellar position in Japan's financial firmament.

At the time, government officials argued that Sasamori's odd pedigree was a plus: unlike most middle-aged male bankers, she was untainted by even a hint of financial scandal.

But the official line appears to have backfired. As the row over Japanese banks' bad loans – and the use of public funds to rescue them – rolls on, Sasamori was this week hailed before parliament to give her view on the matter.

Did she understand, she was asked, the financial plight of the banks she had handed ¥1,800bn to this spring? What about Long Term Credit Bank, for example, and the whopping injection of public money it received?

Unabashed, she cheerfully admitted that her committee's knowledge of banking details was a bit thin; apparently they didn't feel the need to collect much information on individual banks and their creditworthiness.

After all, she said, they were keeping the big picture firmly in their sights and focusing on the "entire financial system". No point in cluttering the place with a lot of messy detail.

Shelf life

Safeway's "Superior Service" customer care programme isn't checking out with the workers. A dozen employees in Martinez, California, have filed formal grievances.

The trouble is that the "smile and make eye-contact" rule has caused some shoppers to mistake friendliness with flirting. One woman worker claims she hid in the back room from shoppers who harassed her and followed her to the car park. Female employees reckon they should be left to decide which men they smile at and open doors for.

The policy – which also tells staff to anticipate shoppers' needs, fetch items, suggest purchases and thank them by name when they pay by credit card or cheque – isn't new. But Safeway has stepped up the pressure this year, using undercover shoppers and threatening disciplinary action and "re-education". The staff union has complained to the National Labour Relations Board that the whole thing was illegally imposed.

Perhaps the trouble is that decades of frosty service have

left the great American shopper unable to cope with friendly, helpful supermarkets. Maybe everyone needs re-educating.

Wizard in Oz

Sergei Kriyenko is keeping well away from Moscow's malaise, less than two weeks after his short reign as Russian prime minister came to an abrupt end.

Yesterday, he was sightseeing in Sydney with family and friends, after spending Wednesday night on a dinner cruise in the harbour. Asked about events back home, he said no one in the Kremlin could take the tough decisions.

Next stop is scuba-diving off Queensland before going on to rugged New Zealand. One of the revelling Russians said Kriyenko had chosen Down Under for a holiday because it was "about as far away from Russia as he could possibly go".

Doesn't sound like a tough decision.

Sing out

The campaign to make Puerto Rico the 51st state of the US is off to a toe-tapping start, with the song "Cup of Life" making rallies go with a swing. Shame that no one thought to ask permission to use it.

Puerto Rican Ricky Martin sang the song before the World Cup Final in Paris in July – a game in which neither Puerto Rico nor the

US were involved – and it has since been adopted by campaigners for US statehood in a December plebiscite. But Pedro Rossello, Puerto Rico's pro-statehood governor, says Warner-Chappel Music has told him to stop using the song without permission; song writer Robi Rosa, co-owner of the rights, has said he is unhappy with Rossello using the song in the campaign.

The governor can't see the problem. "If you buy a disc, you have a right to play it," he argues.

Try telling that to the international music industry.

The Big Sleep

Tough day yesterday for Joe Lockhart, on his first foreign trip as White House press secretary designate. The man who steps into Mike McCurry's big shoes this autumn over-slept and missed the early morning departure of Air Force One from Moscow to Belfast.

The slumbering Lockhart stirred just in time to catch the White House support plane and, during the flight to Northern Ireland, had time to prepare a contrite statement. He told reporters: "I take responsibility for my own actions. I deeply regret it. I'm dealing with the people I hurt the most. I'll have nothing further to say about it."

Now doesn't that sound familiar?

Financial Times

50 years ago

Big French Crisis
Paris, Sept 3. After a three-day effort, Popular Republicans led by M. Robert Schuman yesterday gave up his attempt to form a new French Government to replace that led by Radical M. Andre Marie. "I have not found the co-operation necessary for fulfilling the conditions of effective government," he declared. To-night President Vincent Auriol renewed his search for a new Premier, and in an increasingly grave political situation, conferred for an hour with Socialist leader M. Leon Blum. With the crisis still unresolved, France having been without a Government for seven days, there was increasing talk to-day of dissolving the National Assembly and of holding general elections. The final blow to M. Schuman's efforts came when he offered without the key post of Minister of the Interior to M. Francois Mitterand.

Dutch Empire Revision
Amsterdam, Sept. 3. The First Chamber has passed, with 37 to 11 votes, the Bill providing for revision of the Dutch constitution. The Bill, which now becomes law, is for a new political structure of the Dutch Empire.



THE LEX COLUMN

Conglomerate pile-up

Not so much a big bang as a big smokescreen. The mergers announced yesterday by South Korea's *chaebol* may, eventually, lump some similar businesses together. But the drawbacks are well illustrated by the proposal to merge Hyundai Electronics with LG Semicon. Even if the deal is consummated, it does not amount to a refocusing of each conglomerate's activity. Nor is it clear who would control the new amalgam and so bear responsibility for the crucial cutting of capacity.

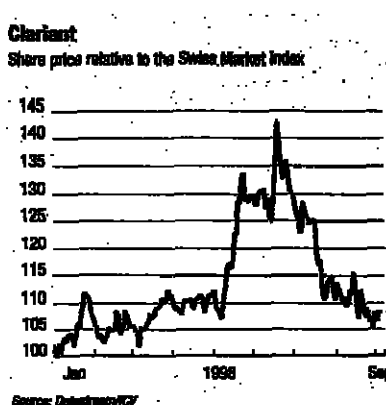
The trouble with the joint venture approach is that it leaves the *chaebol* with their fingers in the same number of pies. It would be better for each to play to its strengths, using asset swaps to consolidate leadership in a narrower range of businesses and to withdraw from others. On this basis it would have been far healthier to see LG hand its semiconductor business to industry leader Samsung, Hyundai pass petrochemicals to LG and Samsung transfer cars to Hyundai. Evidence is sorely needed that the *chaebol* are willing to go in for empire trimming.

But surely putting numbers two and three together in semiconductors has some merit? Only if the stronger management team - hard to identify in a joint venture - is able to close plant. So far that approach has been stalled by labour protests. A further risk is that the new entity, with debts estimated at \$12bn, remains too big for its banks to discipline and that losses mount as it tries to muddle through. Even where ownership and control issues seem solved, as in Hyundai Oil's takeover of Hanwha Energy, foreign investors must be convinced capacity is being cut before throwing in more money.

US airlines

America's airlines are having a torrid summer. Since mid-July, the six big carriers' shares have tumbled by a third or more, twice the decline of the stock market. Weakness in Asia, worries about slower growth at home and a bitter pilots' strike at Northwest Airlines are behind the rout.

At first sight, this looks overdone. Load factors actually ticked up to a very healthy 75 per cent in July and August.



Yields are rising too, although driven by fewer discounts rather than higher prices. Most analysts still think the industry will match or beat last year's record net profits of \$4.5bn. Admittedly, 1999 earnings are expected to be only flat, but price/earnings ratios of six to nine times look ridiculously low, even for such a cyclical sector.

Clearly, investors still mistrust the airlines in a downturn. They may have a point. Capacity growth is expected to creep back above long-term traffic growth of 3 per cent over the next two years. The Northwest strike shows rising labour costs are back on the agenda. It may even slow consolidation. With daily losses of \$10m and net debt (including leases) of twice its \$2.7bn market capitalisation, can Northwest still afford \$500m for a stake in Continental? Most importantly, if the US slowdown turns into a recession, earnings will tumble and today's valuations will no longer look as silly. For now, caution looks sensible.

Clariant

The euphoria surrounding Clariant is over. Earlier this year, it seemed to offer investors the dream ticket of growth in specialty chemicals and a good restructuring story. But the Asia effect is finally taking its toll. Given the state of its markets and recent bad news from Ciba Specialty Chemicals, Clariant's own half-year numbers looked robust. The absorption of the Hoechst business is on track and margins are rising. Clariant's

three-year cost reduction programme should continue to underpin earnings.

The question is how much of those savings will have to be passed on to customers through lower prices. Analysts had hoped Clariant could hang on to at least half of them. That now looks overly optimistic, given that the company expects pricing pressure to continue into 1999. Furthermore, it does not look as though there will be much support to earnings from turnover growth, as the impact from the Asia crisis feeds through into the European and US economies. Throw in some pain from a strengthened Swiss franc, and the company's cautious tone is justified. Pledges of double-digit net income growth for 1998 are hardly exciting when some forecasts have been as high as 20 per cent.

The share price fall means the company has lost much of its premium to European rivals. This might seem harsh, but there is still too much uncertainty surrounding its main markets for investors to be tempted back in yet.

Hitachi

Rarely can a company have been fighting on so many fronts. Hitachi, facing its first net losses, has been brought low by a crushing combination of Japan's problems and the global collapse in semiconductor and electronics prices. The latter is the real horror and the surprise is that Hitachi and its peers have not revealed the pain sooner. One concern is that Hitachi's restructuring does not go far enough. Another is that its efforts to ease the industry's overcapacity will not be matched by rivals. Hitachi is closing a semiconductor assembly plant in the US. Siemens has offered up its sacrificial lamb, but other industry leaders have preferred to take production "holidays" rather than close plant. No closures seem to be expected from the planned merger of Hyundai Electronics and LG Semicon, for instance. The industry is unlikely to be hailed out by strong demand any time soon, so further bad news looks inevitable.

Against this worrying background, Hitachi's plans to cut 4,000 jobs, only 6 per cent of its workforce - though understandable from a political perspective - could well prove too timid.

Clinton urges further moves in N Ireland peace process

By Stephen Fidler and John Murray Brown in Belfast

The peace process in Northern Ireland received another boost yesterday as US president Bill Clinton used a historic visit to the province to urge its parties to seize the opportunity for further substantial progress.

Mr Clinton said recent achievements after three decades of bloodshed had been "a magic thing to see unfold". "America is with you. The entire world is with you. May God be with you and give you strength for the good work ahead," Mr Clinton said on his second visit to the province in three years.

His visit follows an intense diplomatic effort to restore public confidence in the peace process after the Omagh bomb which killed 28 people and injured more than 200.

In an encouraging sign yesterday, unionist officials said that David Trimble, Northern Ireland's chief minister, was likely to agree to face-to-face contact with Gerry

Adams, the Sinn Féin president, as early as next week. A meeting of all the party leaders is planned for Monday.

The meeting would follow Mr Adams' statement this week that "violence must be a thing of the past" and Sinn Féin's appointment of its chief negotiator, Martin McGuinness, as a liaison with the IRA over arms decommissioning.

Unionist politicians pointed out such a meeting would be only the first step in the process of reconciliation. Mr Trimble's aides say his Ulster Unionist party is still looking for "verifiable" progress on IRA disarmament before it would take its seat with Sinn Féin in any executive to run Northern Ireland.

In the first of two speeches scheduled for yesterday, Mr Clinton praised "the words and actions of your leaders this week and their willingness to meet" as "hopeful reflections of the spirit of courage and reconciliation that must embrace all the citizens".

He arrived in Northern Ireland from Moscow yesterday morning.

meeting representatives of all the main parties in the assembly at Stormont Castle. Mr Clinton spoke at length to Mr Trimble and spent up to 15 minutes with Mr Adams. US officials said Mr Clinton congratulated Mr Adams for his statement this week.

Mike McCurry, White House spokesman, said Tony Blair, UK prime minister, asked Mr Clinton to act to choke off any sources of finance in the US "for fringe elements who are not part of the peace process".

"Obviously, the breakaway splinter factions of the IRA do have some support and we agreed that if we can identify and locate and isolate and eradicate those sources of support in the United States, we would obviously want to do that," he said.

Mr Clinton's visit was met with less euphoria than when he last visited the province in 1995. But he pledged to help small businesses and back further trade and investment.

Dancing to the Clinton tune, Page 8; Observer, Page 11

Korean groups plan mergers in wake of government call

By John Burton in Seoul

South Korea's top five conglomerates, or *chaebol*, yesterday launched a series of industrial mergers in response to government demands to consolidate their weakest businesses.

The unprecedented restructuring across seven sectors comes as South Korea struggles with its worst slump since the 1980s.

The most significant deal was a proposed merger between Hyundai Electronics and LG Semicon, the loss-making chip producers, although further talks remain on equity stakes in the venture.

The new company would rival Korea's Samsung Electronics, the world's biggest producer of memory chips.

The merger would probably lead to the cancellation of one of the two chip plants that Hyundai and LG were planning to build in the UK.

Hyundai's plant in Scotland has already been indefinitely postponed, while construction of the LG facility in Wales has been delayed until next

year because of a drop in global prices for memory chips.

Analysts were cautious whether the restructuring would improve Korea's competitiveness as details were sketchy for most of the deals, which might take months to conclude.

"We know nothing about cuts in excess production capacity, which is Korea's central problem," said Richard Samuelson, branch manager for Warburg Dillon Reed in Seoul.

Hyundai and Samsung will merge their troubled petrochemical units, while marginal *chaebol* businesses in aerospace, oil refining, power generation equipment, ship engines and rolling stock will also be consolidated.

The Federation for Korean Industries, which represents big business, said the deals would cut Won30,000bn (\$15bn) in overlapping investments over the next five years, reduce production costs by 10 per cent, and raise export prices by 10 per cent because of less competition among the groups.

The *chaebol* also hope to attract

up to \$10bn from foreign investors over the next year to support the new ventures.

Analysts said that a number of issues needed to be solved for the mergers to proceed, including the sharing of high debt burdens. Management of the new companies might also prove difficult because of the strong corporate cultures and traditional fierce competition among the *chaebol*.

The *chaebol* have asked the government to provide financial aid for the restructuring, including ordering banks to write off debts and convert loans into equity stakes.

Another round of consolidation is expected in the Korean car industry, which is also suffering from severe overcapacity, once the fate of the bankrupt Kia Motors is decided. The international auction of Kia was cancelled this week because of low bids and demands for debt write-offs that creditor banks rejected.

Excessive competition, Page 14
Chaebol give ground, Page 14
Editorial comment, Page 11

CONTENTS

News

European News	23
American News	7
International News	5
Asia-Pacific News	6
World Trade News	4
UK News	8
Weather	12

Features

Editorials	11
Letters	10
Management	20
Observer	11
Arts	9
Arts Guide	9
Analysis	10, 11

Companies & Finance

European Company News	16
Asia-Pacific Company News	14
American Company News	15
International Capital Markets	22

Markets

Bonds	22
Bond futures and options	22
Short term interest rates	23
US interest rates	22
Currencies	23
Money markets	23
FTSE-100 World Index	23
European	21
World stock markets reports	34
World stock market listings	31
London share service	28, 29
FTSE Actuaries UK share indices	30
Recent issues, UK	30
Dividends announced, UK	18
Managed funds service	25-27
Commodities	24
FTSE Gold Mines Index	30

Survey

Reinsurance Separate section

FT.com

FINANCIAL TIMES

Directory of online services via FT Electronic Publishing

FT.com: the Financial Times web site, online news, comment and analysis.
<http://www.ft.com>
The Archive: online archive of back issues of the newspaper since July 1995.
<http://www.archive.ft.com>
Newspaper subscription: information, offers and online ordering.
<http://www.ft.com/newspapersubscribe.htm>
FT Annual Reports Service: online ordering of annual or interim reports and accounts of 1200 UK plus
<http://www.ft.com/newspaper222a.htm>
Cityline: how to get share prices and market reports by telephone and faxback.
<http://www.ft.com/newspaper2175.htm>
Surveys: details of forthcoming editorial surveys.
<http://www.ft.com/newspaper2366.htm>

FT WEATHER GUIDE

Europe today

South-west Scandinavia will have some rain but elsewhere it will stay dry. Rain in central Europe may turn thundery before clearing but western Europe will then become wet. The Iberian Peninsula will have light rain in the north-west and showers elsewhere in the north, but other areas will be dry and sunny. The Mediterranean will be warm and mostly sunny but there will be heavy showers in the Balkans and in northern Italy and Greece, some thundery.

Five-day forecast

Scandinavia will continue mostly dry but there will be outbreaks of rain in the south. North-west Europe will become wet and windy. Rain in western Europe will move into central and eastern regions over the weekend and will be thundery in places. The Mediterranean will continue warm and sunny but there will be showers in the Adriatic.



Situation at midday. Temperatures maximum for day. Forecasts by FT WEATHER CENTRE

TODAY'S TEMPERATURES			
Maximum	Minimum	Forecast	Forecast
Madrid 29	18	Paris 27	15
Berlin 28	16	London 26	14
Rome 27	15	Athens 25	13
Amsterdam 26	14	Stockholm 24	12
Oslo 25	13	Helsinki 23	11
Reykjavik 22	10	London 26	14
Edinburgh 21	9	Glasgow 25	13
Belfast 20	8	Manchester 24	12
Cardiff 19	7	Birmingham 23	11
Sheffield 18	6	Leeds 22	10
Nottingham 17	5	Sheff 21	9
Coventry 16	4	Cardiff 20	8
Bristol 15	3	Belfast 19	7
Exeter 14	2	Cardiff 18	6
Gloucester 13	1	Cardiff 17	5
Swansea 12	0	Cardiff 16	4
Cardiff 11	-1	Cardiff 15	3
Cardiff 10	-2	Cardiff 14	2
Cardiff 9	-3	Cardiff 13	1
Cardiff 8	-4	Cardiff 12	0
Cardiff 7	-5	Cardiff 11	-1
Cardiff 6	-6	Cardiff 10	-2
Cardiff 5	-7	Cardiff 9	-3
Cardiff 4	-8	Cardiff 8	-4
Cardiff 3	-9	Cardiff 7	-5
Cardiff 2	-10	Cardiff 6	-6
Cardiff 1	-11	Cardiff 5	-7
Cardiff 0	-12	Cardiff 4	-8
Cardiff -1	-13	Cardiff 3	-9
Cardiff -2	-14	Cardiff 2	-10
Cardiff -3	-15	Cardiff 1	-11
Cardiff -4	-16	Cardiff 0	-12
Cardiff -5	-17	Cardiff -1	-13
Cardiff -6	-18	Cardiff -2	-14
Cardiff -7	-19	Cardiff -3	-15
Cardiff -8	-20	Cardiff -4	-16
Cardiff -9	-21	Cardiff -5	-17
Cardiff -10	-22	Cardiff -6	-18
Cardiff -11	-23	Cardiff -7	-19
Cardiff -12	-24	Cardiff -8	-20
Cardiff -13	-25	Cardiff -9	-21
Cardiff -14	-26	Cardiff -10	-22
Cardiff -15	-27	Cardiff -11	-23
Cardiff -16	-28	Cardiff -12	-24
Cardiff -17	-29	Cardiff -13	-25
Cardiff -18	-30	Cardiff -14	-26
Cardiff -19	-31	Cardiff -15	-27
Cardiff -20	-32	Cardiff -16	-28
Cardiff -21	-33	Cardiff -17	-29
Cardiff -22	-34	Cardiff -18	-30
Cardiff -23	-35	Cardiff -19	-31
Cardiff -24	-36	Cardiff -20	-32
Cardiff -25	-37	Cardiff -21	-33
Cardiff -26	-38	Cardiff -22	-34
Cardiff -27	-39	Cardiff -23	-35
Cardiff -28	-40	Cardiff -24	-36
Cardiff -29	-41	Cardiff -25	-37
Cardiff -30	-42	Cardiff -26	-38
Cardiff -31	-43	Cardiff -27	-39
Cardiff -32	-44	Cardiff -28	-40
Cardiff -33	-45	Cardiff -29	-41
Cardiff -34	-46	Cardiff -30	-42
Cardiff -35	-47	Cardiff -31	-43
Cardiff -36	-48	Cardiff -32	-44
Cardiff -37	-49	Cardiff -33	-45
Cardiff -38	-50	Cardiff -34	-46
Cardiff -39	-51	Cardiff -35	-47
Cardiff -40	-52	Cardiff -36	-48
Cardiff -41	-53	Cardiff -37	-49
Cardiff -42	-54	Cardiff -38	-50
Cardiff -43	-55	Cardiff -39	-51
Cardiff -44	-56	Cardiff -40	-52
Cardiff -45	-57	Cardiff -41	-53
Cardiff -46	-58	Cardiff -42	-54
Cardiff -47	-59	Cardiff -43	-55
Cardiff -48	-60	Cardiff -44	-56
Cardiff -49	-61	Cardiff -45	-57
Cardiff -50	-62	Cardiff -46	-58
Cardiff -51	-63	Cardiff -47	-59
Cardiff -52	-64	Cardiff -48	-60
Cardiff -53	-65	Cardiff -49	-61
Cardiff -54	-66	Cardiff -50	-62
Cardiff -55	-67	Cardiff -51	-63
Cardiff -56	-68	Cardiff -52	-64
Cardiff -57	-69	Cardiff -53	-65
Cardiff -58	-70	Cardiff -54	-66
Cardiff -59	-71	Cardiff -55	-67
Cardiff -60	-72	Cardiff -56	-68
Cardiff -61	-73	Cardiff -57	-69
Cardiff -62	-74	Cardiff -58	-70
Cardiff -63	-75	Cardiff -59	-71
Cardiff -64	-76	Cardiff -60	-72
Cardiff -65	-77	Cardiff -61	-73
Cardiff -66	-78	Cardiff -62	-74
Cardiff -67	-79	Cardiff -63	-75
Cardiff -68	-80	Cardiff -64	-76
Cardiff -69	-81	Cardiff -65	-77
Cardiff -70	-82	Cardiff -66	-78
Cardiff -71	-83	Cardiff -67	-79
Cardiff -72	-84	Cardiff -68	-80
Cardiff -73	-85	Cardiff -69	-81
Cardiff -74	-86	Cardiff -70	-82
Cardiff -75	-87	Cardiff -71	-83
Cardiff -76	-88	Cardiff -72	-84
Cardiff -77	-89	Cardiff -73	-85
Cardiff -78	-90	Cardiff -74	-86
Cardiff -79	-91	Cardiff -75	-87
Cardiff -80	-92	Cardiff -76	-88
Cardiff -81	-93	Cardiff -77	-89
Cardiff -82	-94	Cardiff -78	-90
Cardiff -83	-95	Cardiff -79	-91
Cardiff -84	-96	Cardiff -80	-92
Cardiff -85	-97	Cardiff -81	-93
Cardiff -86	-98	Cardiff -82	-94
Cardiff -87	-99	Cardiff -83	-95
Cardiff -88	-100	Cardiff -84	-96
Cardiff -89	-101	Cardiff -85	-97
Cardiff -90	-102	Cardiff -86	-98
Cardiff -91	-103	Cardiff -87	-99
Cardiff -92	-104	Cardiff -88	-100
Cardiff -93	-105	Cardiff -89	-101
Cardiff -94	-106	Cardiff -90	-102
Cardiff -95	-107	Cardiff -91	-103
Cardiff -96	-108	Cardiff -92	-104
Cardiff -97	-109	Cardiff -93	-105
Cardiff -98	-110	Cardiff -94	-106
Cardiff -99	-111	Cardiff -95	-107
Cardiff -100	-112	Cardiff -96	-108



AB AIRLINES AND BOEING. IT ALL ADDS UP TO SUCCESS.

1998 has proved to be a milestone in the history of AB Airlines and Boeing. It started with our successful listing on the London Stock Exchange - Only the second UK airline to have done so - 1998 also marked the addition of four new destinations to our route network - To serve these and to ensure further expansion we then made history yet again - For Boeing, the biggest aircraft manufacturer in the world - We placed an order for the new Boeing 737-700 aircraft, with an option on a further four - Making 4000 the total number of 737 aircraft ordered to date - A milestone event for both companies and an equation that equals success.



صكزا من الالجل

SINGLE SOURCE YOUR FASTENERS
VALUE ANALYSIS • JUST-IN-TIME
DIRECT-TO-LINE
DECISION MAKERS CALL:
(0121) 558 4686
NETLEFOLDS
FASTENER TECHNIQUES

FINANCIAL TIMES
COMPANIES & MARKETS
FRIDAY SEPTEMBER 4 1998
Week 36

CAROLINA BUILDERS
MEMBERS LEADERS
WOLSELEY plc
The name behind the name

INSIDE

Unisource considers options after AT&T quits partnership

Unisource, the pan-European telecoms consortium, is discussing options for its main operating subsidiary, Unisource Carrier Services (UCS), after AT&T's decision to leave the partnership. Page 15

Guyana timber sector seeks state aid

Guyana's timber sector, which has become increasingly valuable to the economy, is struggling to retain markets and keep overseas investors. The industry has asked the government of Janet Jagoe (left) for a \$100m boost and the establishment of a free trade zone. They also want duty free concessions for spare parts and fuel, and a reduction in the fees charged by the Forestry Commission. Commodities, Page 24

Sales dip hits restaurants and pubs

Britain's pub and restaurant groups are expected to report a downturn in trading conditions this month, following a sharp fall in food sales over the summer. Bad weather and the strong pound's impact on tourism has led to a 9.4 per cent dip in food sales. Page 18

Fidelity Magellan in ad campaign

Ignoring turbulent stock markets, Peter Lynch (left), the legendary fund manager who steered Fidelity's Magellan fund to its position as the largest US open-ended fund, launched Fidelity's most ambitious advertising campaign. Mr Lynch stuck made clear that he was not alarmed by the recent sharp falls in the market, and that the long-term link between share prices and profits would remain. Page 15

LME takes action on copper anomaly

The London Metal Exchange announced a scheme to "cap" the amount of copper that could go into its authorised warehouses in the west of the US, so correcting a distortion to its copper market that has been hitting European consumers hard. Commodities, Page 24

Casablanca bucks market trend

While most Middle East markets have taken a beating in the emerging markets crisis, the Casablanca bourse's composite index has risen 30 per cent in dollar terms this year, fuelled both by local buying and low interest rates. Capital Markets, Page 22

COMPANIES IN THIS ISSUE

AT&T	15	Laird Brothers	18
Air New Zealand	14	Leica Geosystems	16
American Airlines	4	Long Term Cdt. Bank	6
BMW	16	Manchester United	8
Bankers Trust	13	Microsoft	7
Biffon	16	Minorco	16
British Airways	4	NEC	8
British Telecom	8	NKK	14
CIBC	16	National Express	18
Chase Manhattan	13	OTE	16
Clements de Juel Oust	16	Preussag	16
Cimpor	16	Rom Telecom	16
Clariant	16	Royal Dutch/Shell	18
Cockrell Sambre	16	SAB	16
Crabtree-Harmon	16	SBC	16
D Mail & Gen Trust	8	Salomon Smith Barney	18
De Boer Unigro	16	Samsung	14
Delta Gold	14	Shell	13
Elf Aquitaine	16	Siem Commercial Bank	14
Enterprise Oil	16	Swisscom	15
Fidelity	15	Telecom Italia	16
Gencor	16	Telia	15
HSBC	16	Texaco	13, 18
HSBC Holdings	14	Thiele Hotels	18
Hitachi	13	Thyssen Krupp	16
Hyundai	14	Tjwi Kima	14
Hyundai Electronics	14	Toa Steel	14
Investcorp	16	Toyo Communication	6
KPN	16, 18	Trustor	16
LG Semicon	14	Ushor	16
		VW	16
		Whitbread	18

CROSSWORD, Page 24

MARKET STATISTICS

Annual reports club	26, 29	Emerging Market bonds	22
Benchmark Govt bonds	22	FTSE Actuarial share indices	30
Bond futures and options	22	Foreign exchange	23
Commodity prices	22	Oil prices	22
Commodities futures	22	London share services	26, 28
EMU currency rates	22	Managed funds services	26, 27
Euro prices	22	Money markets	22
European prices	22	New int'l bond issues	22
Fixed interest indices	22	Recent issues, UK	22
FTSE 100	22	Short-term int'l rates	22
FTSE 100 World Index	22	Stock markets at a glance	22
FTSE Gold Mine Index	22	US interest rates	22
		World stock markets	31

JAPAN'S BIGGEST ELECTRONICS COMPANY TO CUT JOBS AND EXECUTIVE PAY AND WITHDRAW FROM UNPROFITABLE BUSINESSES

Hitachi faces first net loss in 50 years

By Alexandra Harney in Tokyo

Shares in Hitachi, Japan's biggest electronics company, tumbled 7 per cent yesterday after the group warned it would suffer its worst financial performance for more than 50 years.

The group also announced a sweeping restructuring, including job losses, executive pay cuts and the withdrawal from unprofitable businesses. Hitachi forecast its first-ever net losses of ¥250bn (\$1.78bn) in the year to next March, blaming lower sales resulting from the collapse in semiconductor and electronics prices, as well as extraordinary losses from restructuring costs and devaluation of stock holdings.

The revised forecast compares with the company's estimate in May that this year's profits would reach ¥40bn. Losses for the first six months are expected to be ¥130bn, on turnover of ¥3,800bn. Earlier this week, Hitachi announced it would close a semiconductor assembly plant in the US and merge Hitachi Semiconductor and Hitachi Micro Systems, its two US semiconductor companies. The group has more than 60 subsidiaries in Japan and overseas.

The restructuring would reorganise management and production in nearly every division. The group aims to cut costs by ¥140bn by March 2000 and return its consumer electronics and semiconductor operations to profit in the next two years. Hitachi would also cut 4,000 jobs, or 6 per cent of its workforce, this year. Executive payrolls would be slashed an estimated 40 per cent, and capital expenditure for this year would be suspended. The group also said it would not pay an interim dividend.

"There is not enough work for the employees at our head offices, particularly in power systems, consumer electronics and semiconductor divisions," said Yoshiki Yagi, chief financial officer. The information and electronics division was expected to account for between ¥70bn and ¥80bn of this year's losses. The group also expected to record ¥2bn in losses from its consumer electronics division. Sales would be down 6 per cent, from ¥8,417bn to ¥7,940bn.

Takumu Kanai, Hitachi president, said: "Prices fell rapidly across the market. The last four to five years, conditions in the market have become much more difficult... we delayed too long in our response to the increased competition."

Russian contagion spreads to investment banks' core activities

Bond issues, syndicated loans and IPOs hit by turmoil, say William Lewis and Edward Luce

International banks and other financial groups have reported losses suffered in Russia of almost \$9bn in recent days. But much worse could be in store as the knock-on effect of Russia's devaluation and other emerging market turmoil looks likely to dent investment bank revenues severely until the end of the year.

Even the most developed western markets have already seen sharply reduced activity in the most profitable areas for banks. "We're going to see many fewer bond issues, fewer syndicated loans and fewer IPOs between now and the end of the year," said John Leonard, an analyst at Salomon Smith Barney. "This will really have an impact on margins."

Already margins have been dented by trading losses in Russia. Among the worst hit are Salomon Smith Barney, which reported a net loss of \$150m in July and August, and Chase Manhattan, which came close to making a loss from its trading activities in August.

Bankers Trust, the seventh largest bank holding company in the US, was one of the few to warn of the likely impact of the turbulence in global markets on other core investment banking areas.

While BT's investment banking operations appear to have been particularly badly hit because of its traditional focus on high yield bonds and leveraged lending, it appears to be far from alone in experiencing a slowdown.

Data provided by Securities Data Company show that US common stock trading volumes have plummeted in July and worsened in August. Total stock volumes, comprising initial public offerings and secondary offerings, were \$9.8bn in July and \$2.5bn in August. This compares with \$17.5bn in June. In the last week of August volumes reached just \$26.6m.

Similarly high yield debt volumes have also suffered. August saw volume of \$2.7bn, compared with \$15bn in July, and \$1.1bn in April. Donaldson, Lufkin & Jenrette was Wall Street's leading manager in this product area last year, and earlier this week it warned that it had made just \$40m of pre-tax income so far in the third quarter.

"The volatility is impacting the IPO market especially," says Charles Rauch, an analyst in Standard & Poor's financial institutions group.

Mergers and acquisitions, one of the highest margin businesses for investment banks, has also been hit, with \$145m worth of deals announced in August in the US, and \$150bn in July. This compares with \$252m in June and \$210bn in May.

Senior bond officials said that almost all deals by borrowers rated below AAA or AA+ by the rating agencies had been put on ice for at least a few weeks. "It continues into October then it will start to hit our balance sheet quite hard," said the head of a bond desk at a US investment bank in London.

Few, if any, of the 10 or 12 European high-yield - or "junk" - bond issues which were planned before the end of the year are likely to go ahead, say bankers. "Investors are fleeing any type of credit whether we're talking about AA rated or sub-investment grade," said Avinash Persaud, head of currency research at J.P. Morgan. "Only bonds which resemble US Treasury bonds, such as strong collateralised deals, are likely to get away in this climate."

Anger over decision to block tie-up by Chicago exchanges

By Nikki Tait in Chicago

Big futures trading firms reacted angrily yesterday to the decision on Wednesday night of a plan by the Chicago Board of Trade and the Chicago Mercantile Exchange, the two big US exchanges, to pool their all-important back office functions.

As a member of both exchanges we're very, very disappointed," said FIMAT Futures, the international futures trading group owned by France's Société Générale. "In an environment where most organisations seem to be moving to reduce costs, this seems inconsistent with that trend."

Jim Gary, global futures manager at Dutch banking group ABN-Amro, said his firm was "incredibly disappointed" in the decision, and also "very concerned about what it means for the two exchanges co-operating together on bigger issues."

Many firms had seen the merger of the clearing functions - which could save millions of dollars in administrative expenses and has been mooted for years - as a sensible first step to burying costly rivalry between the organisations and possibly even merging the exchanges.

It was a "missed opportunity", added John Damgard, president of the Futures Industry Association. "It is obvious that exchange politics continue to prevent these institutions from supporting the type of cost-driven initiatives needed to grow our markets," said Ronald Hersch, FIA chairman and senior managing director at Bear Stearns.

The plan was voted down by directors at the CBOT after a special board meeting called partly in response to a members' petition which had circulated on the exchange floor. The CME described the CBOT decision as "a huge disservice to all members, the clearing firm community and the city of Chicago. Common clearing would have provided tremendous benefits and reduced costs to everyone."

Shell and Texaco agree to pool European downstream assets

By Robert Corbin in London

Royal Dutch/Shell and Texaco of the US yesterday agreed to pool much of their European refining and marketing assets in a joint venture that will be dominated by the Anglo-Dutch group.

The deal, which follows a similar pooling of downstream assets in the US, had been widely expected in the industry. It will give Shell a leading retail position in several European countries, including the UK where the combined group will have more than a fifth of the retail fuel market.

It is the latest sign of consolidation in the international oil industry, prompted by falling oil prices and overcapacity, especially in refining. Last month BP and Amoco announced a full-scale merger and there have been other smaller-scale deals like the Shell/Texaco link.

Shell will have an 88 per cent stake in the proposed joint venture, which will have nearly 30,000 employees at 19 refineries and nearly 16,000 retail outlets.

Shares in Shell Trading and Transport, the UK arm of the group, initially rose on news of the deal, but they later closed down 5p at 390p.

The decline was attributed in part to a mixed reaction to the deal from analysts and industry experts. Some welcomed the agreement as evidence that Shell was taking steps to address the chronic under-performance of its European downstream businesses. The companies expect to make annual cost savings of \$200m.

But several analysts said the deal in its announced form did little to alleviate the over-capacity in the European refining industry. There also appear to be significant competition issues in several countries, including the Netherlands, Ireland, Luxembourg and possibly Belgium.

Lex, Page 12
Co-operative trend, Page 16
EFT talks down prospect of "mega-merger", Page 16

Managers halt Malaysian fund dealings

By Philip Coggan and Clay Harris in London

Managers of funds specialising in Malaysia and south east Asia are being forced to suspend dealings after the imposition by the Malaysian government of capital controls.

HSBC Asset Management said yesterday it has suspended dealing in three funds - two UK unit trusts and a Luxembourg fund known as a SICAV. Fidelity International has suspended dealings in its Luxembourg SICAV, Fidelity Malaysia.

On Wednesday, Jardine Fleming Unit Trusts suspended trading in JF Malaysia Trust, an equity fund, and JF Asia Leveraged Trust, a regional currency fund exposed to the ringgit.

Meanwhile WEBS Malaysia, a fund traded on the American Stock Exchange, returned to trading after suspension on Wednesday. However, the fund asked investors not to redeem their holdings until further notice.

The details of the Malaysian controls are far from clear. The initial announcement suggested that the proceeds of share sales could not be repatriated unless the shares had been held for 12 months.

However, managers say there are now indications that there will be a 12 month lock-in period from September 1 this year, making it impossible to repatriate funds until the autumn of 1999, however long the shares had previously been held. They are accordingly suspending dealing until the position becomes clear.

In open-ended funds, such as mutual funds, SICAVs or unit trusts, investors deal directly with the manager. They face particular problems when markets become illiquid. When investors wish to sell holdings, the managers have to dispose of a proportion of their portfolios to meet such redemptions.

The funds involved to date are relatively small. In the case of HSBC, its Singapore and Malaysia growth fund has \$2m (\$9.9m) in assets, its Tiger Index fund has \$7m, and its Malaysian SICAV \$2m. Fidelity's Luxembourg SICAV has \$15m under management. The SICAVs are generally owned by continental European investors.

Jardine Fleming said most of the investors in its affected funds are based in Hong Kong. JF Malaysia has \$28m under management. But bigger regional funds, covering the whole of south east Asia, are considering their options in the wake of the Malaysian rule change. Some managers are considering creating a separate security, which would give investors the right to the Malaysian element of the portfolio. That would allow trading in the remainder of the fund to continue. The WEBS fund said it might have to pay redeeming investors in Malaysian ring-gits.

Who keeps track of General Motors' international performance?

Deloitte Touche Tohmatsu

the answer is

Deloitte Touche Tohmatsu provides services through its national practices.

COMPANIES & FINANCE: ASIA-PACIFIC

Chaebol give a little ground in battle over consolidation

Restructuring agreed yesterday by Korea's conglomerates falls short of the asset swaps urged by government, writes John Burton

Ever since he took office in February, Kim Dae-jung, South Korea's reformist president, has been battling the nation's leading conglomerates, or *chaebol*, to reduce their sprawling debt-heavy industrial empires in the name of economic efficiency.

Jealously guarding their turf, the *chaebol* resisted. But yesterday Mr Kim won a partial victory when the five biggest agreed to consolidate businesses in seven industries. The victory may yet prove illusory as analysts question whether the *chaebol* are prepared to give up even the smallest degree of the economic power they have amassed over the past 30 years.

On paper, the restructuring plan offered by the Federation of Korean Industries, which represents big business, marks a significant step toward industrial rationalisation. "It shows the *chaebol* are submitting to structural changes that would have taken a lot longer to implement without government pressure," said Richard Samuelson, branch manager at Warburg Dillon Read in Seoul.

But this falls short of the government's initial goal of forcing the *chaebol* to swap assets to reduce the number of business activities and focus on core industries. Earlier proposals called for Hyundai or LG to give up their troubled semiconductor divisions and for Samsung to dispose of its struggling petrochemical unit.

Instead, the *chaebol* have agreed to form consortia or to merge operations, which will allow them to keep a



Sohn Byung-doo, vice chairman of the FKI mergers likely to lead to more jobs, not fewer

presence in even their weakest enterprises. Hyundai and LG will merge in memory chips and Samsung and Hyundai in petrochemicals, although both industries are suffering from overcapacity. There are also doubts whether some of the mergers will ever occur, as partners haggle over details of ownership and financial issues. It will not be easy for either Hyundai or LG to cede management control of their new semiconductor company to the other, as it would represent a loss of corporate face.

Moreover, management of the new companies might prove difficult because of the strong corporate cultures and fierce rivalries among the *chaebol*, which have rarely co-operated before. "This will be the greatest challenge, with a lot of corporate infighting," said Namuh Rhee, research head at Samsung Securities in Seoul. The record for successful mergers in Korea is poor.

There are also suspicions that the *chaebol* and government are using the mergers

to avoid painful measures, such as plant closures and job cuts. The FKI yesterday said that the mergers were likely to lead to more jobs, not fewer, although excess production capacity is Korea's main economic problem.

"Factory shutdowns will determine whether Korea is committed to economic restructuring. I haven't seen any yet," said Christopher Wood, global strategist for Santander Investment in Hong Kong. There are already com-

plaints among smaller cash-

Doubt over LG's UK chip plant

Uncertainty hung last night over the LG Semicon chip plant in South Wales, which has already been delayed by six months, writes Juliette Jowitt.

The £1.3bn (\$2.2bn) semiconductor plant near Newport, which is eventually expected to employ 1,700, was earlier this year put off until mid-1999. The Welsh plant was seen as important for riding out the Asian recession by giving LG Semicon its first manufacturing base outside South Korea and better access to Europe.

The company yesterday said: "Given the early status of this agreement [with Hyundai], it is obvious that more discussion will have to take place before LG Semicon has additional information to communicate about any specific aspect of the merger, including its Wales plant. LG Semicon Wales has received no

instructions about any changes to its plans from corporate headquarters in Seoul."

The future of the LG Semicon project has been the subject of speculation since the Asian crisis broke last year. The company has insisted that the investment - backed by £247m in public grants from the Welsh Development Agency - is safe.

In January the six-month delay was blamed on the extra work needed to upgrade equipment to produce the next generation memory chips from 64 D-Ram to 256 D-Ram.

The LG Semicon plant was part of a venture with LG Electronics with a total of £2.4bn and 6,100 jobs - the biggest single inward investment project in Europe. The electronics plant opened last year and now employs more than 1,000 people.

ner Kleinwort Benson in Seoul.

Nonetheless, most analysts believe the mergers are positive as they will move Korea closer towards industrial rationalisation.

"Adding capacity to capacity solves nothing, but the merged companies are at least a starting point for restructuring. Mergers are easier when it comes to job cuts and debt write-offs. Swapping assets would have been more time-consuming and a messier business," said Mr Rhee.

Mergers set to cut 'excessive' competition

By John Burton in Seoul

The mergers among the subsidiaries of South Korea's top five conglomerates will reduce what officials describe as "excessive" competition in seven industrial sectors. Hyundai is the most affected by the mergers because "it is concentrated in heavy industries that are suffering from global overcapacity," said Namuh Rhee, research head at Samsung Securities. The proposed deals include:

● **Semiconductors.** Hyundai Electronics and LG Semicon, Korea's second and third largest chipmakers, will merge to form a company that will rival in size their main domestic competitor Samsung Electronics, the world's biggest producer of memory chips. Hyundai and LG suffered a combined loss of \$471m in the first half due to debt burdens and a collapse in memory chip prices. Hyundai and LG must still negotiate over management control of the new company.

● **Petrochemicals.** Hyundai and Samsung will merge their petrochemical operations, among the weakest in Korea, with each having a 30 per cent stake. The remaining 40 per cent will be offered for sale to the government or foreign investors, possibly from Japan. The petrochemical units of the SK and LG might merge later to compete against the new company.

● **Aerospace.** Three of Korea's leading aircraft parts makers - Samsung

Aerospace, Hyundai Space and Aircraft, and Daewoo Heavy Industries' aerospace division - will form a consortium with equal stakes. The new company will compete against the manufacturing division of Korean Air, the national carrier, although it may join later. The consortium revives an earlier attempt by the four aerospace companies to develop a commercial airliner with foreign partners.

● **Rolling stock.** Hyundai Precision and Industry, Daewoo Heavy Industries and Hanjin Heavy Industry will form a consortium for the manufacture of train engines and carriages, although the allocation of equity stakes is still to be determined. All three are involved in the supply of rolling stock for Korea's new high-speed rail system, due to begin in 2002.

● **Oil Refining.** Hyundai will take over troubled Hanwha Energy, which will make it Korea's third largest refiner and petrol distributor after SK Corporation and LG-Caltex Oil.

● **Ship engines.** Debt-heavy Samsung Heavy Industries will transfer the manufacture of ship engines to the state-run Korea Heavy Industries and Construction (Hanjin), which competes against Hyundai Heavy Industries in the sector.

● **Power generation equipment.** Hyundai Heavy Industries and Samsung Heavy Industries will transfer their power generation divisions to Hanjin, the industry leader in Korea.

NKK seeks to take over operations of Toa Steel

By Alexandra Harney in Tokyo

NKK, Japan's number two steelmaker, said yesterday it would establish a new company to take over the operations of Toa Steel, its troubled electric furnace subsidiary, after Toa announced it was considering filing for liquidation with ¥264bn (\$1.9bn) in liabilities.

The move is likely to fuel concerns about Japan's ailing steel industry, which has been hit by a slump in domestic demand and a fall

in global steel prices. NKK is expected to announce a significant downward revision of its earnings forecast today.

Trading in shares of NKK and Toa was suspended yesterday amid reports of Toa's possible liquidation. NKK had plunged 8.9 per cent to ¥113 and Toa had sunk 17 per cent to ¥63 before trading was halted. Iron and steel shares fell 3.3 per cent overall following news of the takeover.

Toa, which is 51.6 per cent owned by NKK, said it

would decide today whether to file for liquidation. The electric furnace operator has incurred losses for the past four years: last year it reported a net deficit of ¥23.9bn, after losses of ¥8.7bn the year before. At the March year-end it had liabilities of ¥264bn and assets of ¥43.4bn.

Analysts said the company, which specialises in H-beams and other steel shapes, had been on the brink of bankruptcy for several years because of deteriorating conditions in the

steel market and investment in costly new facilities.

Electric furnace companies in particular have been squeezed by the contraction in construction demand amid Japan's economic stagnation, and intense competition as a result of overcapacity. Although steel companies have compensated by expanding shipments to the booming US market, overseas sales were not sufficient to offset the decline in domestic demand, analysts said.

In the first quarter of this

year, domestic steel shipments fell 11 per cent, according to Warburg Dillon Read. Demand was down 15-20 per cent year-on-year over the same period.

The collapse in global steel prices exacerbated the company's high operating costs, analysts said.

"The spending that Toa did to replace an ancient mill with a state-of-the-art mill in Kashima became a burden," said Stephen Wolfe, industry analyst at Warburg Dillon Read.

NKK already has a consid-

erable role in management: Yoichi Shimoguchi, NKK president, joined the Toa board of directors earlier this summer.

However, it was unlikely that the takeover of Toa, which accounts for only 3 per cent of the capacity in the market, would trigger a restructuring or a move toward consolidation in the industry, analysts warned.

"I'm terribly cynical and wouldn't hold my breath about restructuring," said Conny Jamieson, analyst at Warburg Dillon Read.

Delta Gold to list platinum

By Gwen Robinson in Sydney

Delta Gold, an Australian gold and platinum miner, confirmed its position as the country's lowest cost gold producer with record full-year profits. The company also said it intended to pursue a London listing for its Zimbabwe platinum interests, if shareholders approved a plan to separate and float off the assets into a public company.

The new company, Zimbabwe Platinum Mines, or Zimplats, would be listed on the Australian Stock Exchange in mid-October after which Delta Gold would consider a London listing, said Terry Burgess, chief executive. Delta believes the float would unlock value in its share price and would allay shareholders' concerns of being asked to contribute more funds to develop the Zimbabwe platinum interests.

Delta's Zimbabwe platinum assets were last week valued at A\$45m-A\$48m (US\$31.5m-US\$34m) in an independent assessment, although the company has valued the assets at A\$70m in its scheme of arrangement for the proposed float.

Australian gold operations, however, drove Delta's strong earnings performance in the year to June. Net profit, nearly doubled to A\$42.1m, largely because of record gold production of 350,000 ounces and a 39 per cent reduction in cash costs.

The company enjoyed a record low production cost average of A\$174 an ounce from its two main mines, Kanowna Belle and Granny Smith, in Western Australia. The low costs also helped hedge against falling gold prices in the year.

A final dividend of 4 cents doubled the total dividend to 6 cents from the previous year.

In the proposed demerger of the company's platinum interests, Delta's shareholders would be offered one Zimplats share for every five Delta shares.

Delta would distribute 49 per cent of its Zimplats shares to shareholders and retain a 51 per cent interest, which would be progressively diluted to zero as the new company raised funds to develop platinum interests.

Delta Gold shares rose 3 cents to A\$1.72 after reaching intraday highs of A\$1.51.

NEWS DIGEST

TRAVEL

Asia downturn behind 4% fall at Air New Zealand

Air New Zealand yesterday blamed a 4 per cent fall in tax-paid profits to NZ\$144.8m (US\$73m) for the year to June 30 mainly on the slowdown in Asia and falling tourism numbers. Asian passenger arrivals fell 24.7 per cent, although this was offset partly by increased numbers of travellers from the US and Europe. International capacity was 2.5 per cent lower than in 1997. Load factors averaged 68.5 per cent. Group revenues rose 5.4 per cent to NZ\$3.09bn.

The international operations of the Ansett Australia subsidiary also suffered from the Asian crisis. Trading revenues were A\$3.29bn (US\$1.92bn) compared with A\$3.24bn giving a pre-tax profit of A\$27.8m, against a loss of A\$300,000 last year. Directors said the coming year would be challenging, but the company would refocus on the more robust markets in Australia, the US, the UK and Europe. The second-half dividend is cut to 8 cents a share, from 12 cents last year. Terry Hall, Wellington

PAPERMAKING

Sinar Mas unit posts 35% rise

Pabrik Kertas Tjiwi Kimia, the paper production subsidiary of the diversified Indonesian Sinar Mas group, yesterday reported a 35 per cent rise in first-half net profits thanks to foreign exchange gains. The interim profit of \$73.7m compared with \$54.4m last time on a foreign exchange gain of \$43.1m, against \$18.3m previously. Sales fell 26 per cent from \$359m to \$284.2m, largely because of a 15 per cent drop in paper prices. Sander Thoenes, Jakarta

THAI BANKING

Siam Commercial losses deepen

Siam Commercial Bank, Thailand's fourth largest bank, has increased its audited losses for the half-year to Bt11bn (\$271m). Its auditors, Deloitte Touche Tomatsu, had refused to accept tax deferrals of about Bt4.2bn that had helped the bank post unaudited losses of just Bt8.31bn when it reported its results in July.

The Thai authorities have committed themselves to opening up company accounts as part of its IMF-approved scheme to attract more foreign investment. Siam Commercial had deferred tax from 1997, due in April, because it understood it could take tax credits on loan losses this year. But Deloitte Touche refused to accept the lower loss figure in view of the bank's poor earnings outlook.

The collapse of Thailand's decade-long boom has exposed the relationships between auditors and Thai companies. Deloitte is appealing against a three-month suspension handed out to one of its partners for failing to query loans made by Finance One, the country's leading merchant bank that collapsed last year.

William Barnes, Bangkok

HONG KONG MONETARY AUTHORITY TO DISCLOSE NEW HOLDINGS ONLY IN CASE OF HSBC

HK body declines to reveal stakes

By Louise Lucas in Hong Kong

The Hong Kong Monetary Authority, the de facto central bank, will not disclose the stakes it built up in locally listed companies during the latter half of August, although it will fully comply with all such requirements for HSBC Holdings.

HSBC Holdings, which is listed in London and Hong Kong, earlier this week said the territory's government is now the biggest shareholder, with an 8.9 per cent stake. This gives rise to conflicts of interest, analysts say.

although the two bodies have long enjoyed a close alliance.

The HKMA indicated it would not push for board representation and would not seek to influence corporate direction. The stake was taken primarily as part of a strategy to banish speculators from the markets and to restore stability, it said.

But analysts said investors would still be wary of possible conflicts of interest and the influence that the holding - and the fact it will be sold down in the future - has on the market.

"Given the government owns a fairly large piece of HSBC, it is probably unlikely to introduce any rules or regulations which would increase the level of competition in Hong Kong banking, and which could adversely impact profitability," said one analyst.

The question of a conflict of interest is perhaps more pressing in some of the utility stocks held by the government. It has exposure to both Hongkong Telecom and Hongkong Electric, through Hutchison Whampoa. Both telecoms and electric-

ity sectors are under review. Hongkong Electric now enjoys a virtual duopoly with China Light and Power, and tariffs must be approved by the government.

Such approval is also required by the former telecoms monopoly, which now competes with three fixed-line groups and a handful of callback operators. Next month the government is due to announce whether it will dispense any additional licences: if it backpedals on liberalisation it will face attack from potential bidders for the licences.

FINAL DIVIDEND

A final dividend No. 145 (coupon No. 155) of 39 cents (1997: 21.5 cents) per ordinary share has been declared, payable on 2 October 1998 to shareholders registered on 18 September 1998. The share register will be closed from 21 September to 1 October 1998.

The dividend is payable in the currency of the Republic of South Africa. Payments from the United Kingdom will be made in United Kingdom currency at the rate of exchange ruling on 22 September 1998, or on the first day thereafter on which a rate of exchange is available.

On behalf of the Board

B P Gilbertson
N J Holland

Johannesburg
3 September 1998

GENCOR LIMITED

Registration number 0180/22066
Incorporated in the Republic of South Africa

6 Holland Street, Johannesburg 2001
PO Box 61820, Marshalltown 2107

	Audited 12 months 30 June 1998	Pro forma 12 months 30 June 1997
RAND MILLION		
Attributable income	305	580
Headline earnings	252	283
Distribution to ordinary shareholders	173	529
Net assets (at valuation)	3 626	4 741
Debt: Equity ratio	0:1	0.06:1
CENTS PER SHARE		
Attributable income	89.3	170.1
Headline earnings	73.8	83.0
Dividends	50.0	30.0
Closing share price on JSE	915	N/A
Net assets (at valuation)	1 051	1 390
Discount to net asset value (%)	12.9	N/A
ORDINARY SHARES IN ISSUE (MILLION)		
Weighted average for the period	341	341
Total as at the reporting date	345	341

Fidelity seeks

TELECOMMUNICATIONS UCS NETWORK TO BE AIMED AT SUPPLYING CAPACITY TO INTERNET SERVICE PROVIDERS

Unisource mulls options after AT&T quits

By Christopher Price

Unisource, the pan-European telecom consortium, is discussing options for its main operating subsidiary Unisource Carrier Services (UCS) in the wake of AT&T's decision to leave the partnership, including either a trade sale or public listing.

Unisource is owned by KPN of the Netherlands, Telia of Sweden, and Swisscom, the Swiss telecoms operator. Besides its interest in UCS, Unisource has a 60 per cent stake in AT&T-Telecommunications Services, with the US group holding the remainder.

However, after the formation of an international alliance with British Telecom, Unisource gave notice it would wind up its partnership with Unisource. Disposing of or listing UCS would leave Unisource with few other assets and could signal its demise.

André Käser, president of UCS, said yesterday that the subsidiary, which carries telecoms traffic for business customers and other telecoms groups, was experiencing strong growth and its future was a bright one. "We have our own customers and do not rely on AT&T traffic at all."

He was speaking after announcing the launch of UCS's new pan-European telecoms network using asynchronous transfer mode (ATM), a fast transmission and switching technology.

The \$20m network will link big European cities and has been developed with Lucent Technologies of the US. Further investment of \$50m will extend the network into southern Europe and the US.

Mr Käser denied UCS would be competing with other pan-European networks. He said the UCS network would be aimed at supplying capacity to internet

service providers, rather than telecom operators or large corporate users.

AT&T has already said it will sever its Unisource connections by July 2000. Unisource made a net loss of \$135m (\$88m) in 1997 but claimed the AT&T joint venture had been largely responsible for the loss. Unisource suffered as a result of last year's decision by Telefonica of Spain to leave.

AT&T is also to wind up its interest in the WorldPartners alliance, in which it has a 40 per cent stake. KDD of Japan has 24 per cent, Singapore Telecom 16 per cent and Unisource 20 per cent.



André Käser: 'We have our own customers and do not rely on AT&T'

3Com in deal for licence fee on modems

By Roger Taylor in San Francisco

3Com, the largest modem-maker in the US, has signed a deal with Brent Townshend, an independent inventor, which could allow it to collect a fee on each sale of the next generation of personal computer modems.

The company said it had entered into an exclusive licence with Mr Townshend, who has been issued a patent on technology which is key to the new model of modem.

Venezuela's aluminium sell-off falters

By Christine Hoag in Caracas

The only qualified bidder in the privatisation of Venezuela's beleaguered aluminium complex withdrew on Wednesday evening, scuppering the government's third sale attempt.

The move came less than 24 hours before the group, called the Venezuelan Aluminium Consortium, was due to post a \$120m letter of credit guaranteeing that it would make a bid in the sale, scheduled for Monday.

The consortium, made up of Billiton of the UK, Kaiser Aluminum of the US, and Sural, a Venezuelan aluminium fabricator, blamed its decision on the current depression in international capital markets.

The minimum price for a 70 per cent stake in the four-plant complex, which produces 4 per cent of the world's aluminium, was set at \$1.55bn including of \$1.2bn in debt.

This is the second time the Billiton-led group, as sole

bidder, has withdrawn at the last minute from the sale. In July, it blamed its decision not to bid on internal differences.

In March, the government's first attempt to sell the group ended in failure when three qualified bidders refused to bid, saying the \$2.1bn base price was too high and conditions too stringent.

Boris Molina, senior analyst at Santander Investment Bank, said after the second attempt chances of selling

the money-losing complex were "very remote" due to the swelling Asian crisis and falling aluminium prices.

The government passed up the opportunity a year ago when it had a bull market, he said. "With the amount of investment that the government is requiring [the buyer to put in] financing would be very limited now."

The buyer would be required to assume \$1.2bn in debt, half owed to the central government and half to

foreign banks, and invest \$300m in plant modernisation.

The government said it would restructure the company, which includes bauxite mines and processing as well as aluminium manufacture, while alternatives to privatisation are being studied.

The complex, which is burdened with an overloaded payroll of 9,800 workers and deteriorating equipment, is expected to lose at least \$20m this year.

CIBC blames US acquisition for fall

By Edward Alden in Toronto

The Canadian Imperial Bank of Commerce, Canada's largest bank, yesterday said acquisition and integration costs associated with its expansion into the US investment banking market lay behind a 43 per cent drop in third-quarter net earnings.

The bank warned investors early last month its earnings for the quarter

ended July 31 would disappoint, triggering a 16 per cent drop in its share price and a large sell-off across the banking sector.

Net earnings were \$245m (US\$158m), or 52 cents a share, against \$340m, or 90 cents, last time.

Return on equity, a closely watched measure of bank performance, fell from 17.8 per cent a year ago to 9.2 per cent.

Total revenue increased 11

per cent to \$2.435bn.

CIBC also announced yesterday a 20m share buy-back plan, just under 5 per cent of the outstanding common shares, in an effort to bolster its share price. CIBC was trading at \$30.15, down 5 cents, at midday yesterday, down from a 52-week high of \$35.80.

It said the costs of its acquisition of Oppenheimer, the New York equity dealer, cut net income by \$99m in

the third quarter and \$215m on the year to date.

But Al Flood, CIBC chairman, said the US investment remained an "important strategic initiative that enabled us to keep pace with the rapidly evolving financial services market."

Several Canadian banks, including CIBC, the Bank of Montreal and Toronto-Dominion Bank have made US acquisitions in an effort to diversify their operations.

Four of Canada's five largest banks have proposed mergers in part to expand their presence internationally. CIBC, which wants to merge with T-D Bank, generated about 70 per cent of its profits in Canada last year.

Kevin Choquette, analyst at Scotia McLeod, said the results reflected CIBC's rapid expansion in the US equity market as trading revenue was declining sharply.

SAB considers moving stock listing to London

By Victor Mallet

South African Breweries, one of the world's biggest, is considering transferring its primary stock exchange listing to London from Johannesburg, a move that would arouse intense political hostility from South Africa's ruling African National Congress and its trade union allies.

SAB, which has a secondary listing on the London Stock Exchange, said yesterday the move would enable it to raise more capital more cheaply than in South Africa. The company has expanded rapidly in Africa, China and eastern Europe and is looking at the possibility of making a big international acquisition.

"The rationale for the listing proposal is that it would

enable SAB to raise significantly greater amounts of equity capital to finance its offshore operations than are available with a primary listing on the JSE," Graham Mackay, group managing director, said in a memorandum to SAB staff.

The company was obliged to issue the memo - and make it public through the JSE - after the Financial Mail magazine disclosed details of its plans this week.

SAB is one of several big South African companies considering the possibility of following in the footsteps of Billiton, the metals group spun off from the Gencor conglomerate last year and now based in London.

Old Mutual, the life insurer and financial services group which plans to demutualise next year, was

fiercely criticised by the Congress of South African Trade Unions in June when it emerged that it might seek a primary listing in London.

That remains particularly controversial because Old Mutual is big enough to join the FTSE 100, and companies that want to become constituents of the market indices have to be UK incorporated and resident in the UK for tax purposes. Plans by Liberty Life to make its primary listing in London appear to have been put on hold following opposition from South African authorities.

SAB - which is already in dispute with the South African government over legislation that would reduce its near-monopoly in the local beer business - took pains yesterday to emphasise its commitment to the country.

Fidelity seeks a starring role

By John Authers in New York

Plunging stock markets have not deterred Fidelity Investments, the world's largest fund manager. Yesterday, as world markets continued to suffer turbulence, the company chose to launch its most ambitious advertising campaign in a Broadway theatre.

Peter Lynch, the legendary fund manager who steered Fidelity's Magellan fund to its current position as the largest US open-ended fund, shared star billing with Lily Tomlin, the well-known US comedienne who is his co-star in Fidelity's advertising campaign.

The television commercials, which Fidelity started planning six months ago, now seem eerily appropriate. In one, Mr Lynch is taking a physical check-up on a treadmill, while Ms Tomlin plays the part of the nurse examining him. As the medical continues, the treadmill bucks up and down, and the speed changes sharply. Mr Lynch gasps: "This reminds me of the stock market."

In questions, Mr Lynch stuck rigidly to his stock-picking credo, making clear that he was not alarmed by the recent sharp falls in the market, and that the long-term link between share prices and profits would remain.

"Since the end of the war, corporate profits have gone up 60-fold, and the market



Supporting actress: Lily Tomlin features in advertising campaign for Fidelity

nature of these declines."

His comments were backed by Fidelity market research which indicated that the average American spent 137 hours of research before purchasing a vacation, and 124 hours before buying a car, but only 60 hours before making investment decisions.

The same survey found that only 25 per cent of Americans understood that Treasury bond prices go up when interest rates go down, even though a higher proportion than this owns mutual funds invested in bonds. A further 23 per cent said that Treasury bonds would go down after a cut in interest rates, while 27 per cent said there was no relation.

Fidelity, as a company, however, seems confident with its investment performance recovering after a disastrous dip in 1996 which led to a raft of bad publicity and an erosion in its market share. Vanguard, of Pennsylvania, has overtaken it as the company that attracts most new cash flow, and the campaign is an attempt to restore market share.

It has at least gained one new investor in Ms Tomlin. She admitted that when younger her politics had prevented her from investing in the stock market. Now she has stakes in a Fidelity growth and income equity fund, and in a specialist utilities fund.

has gone up 54-fold," he said. "I would like to see the market go sideways for a couple of years and have all the secondary stocks catch up."

"We'll find out whether this is a correction or a bear market. We've already had a bear market in secondary stocks."

He discounted the long-term effects of extra investing by the ageing "baby boom" generation, and the growth of internet trading, which now accounts for 60 per cent of all trades at Fidelity's retail brokerage. He said that neither factor had stopped Bethlehem Steel's share price from fall-

ing in the long term in response to a long-term fall in its profits.

However, the event also showed Fidelity's nervousness about retail investors' understanding of the stock market, which some equity strategists believe could destabilise the market.

Indications during the past few weeks are that there has been little or no "panic selling", and that most investors have held on to their equity holdings.

However, Mr Lynch said: "The public believes in stocks but they don't understand why. I think if they are better informed they may understand the

August 'worst month for hedge funds'

By William Lewis in New York and Jane Martinson in London

Hedge funds turned in one of their worst monthly investment performances last month, according to US-based consultancies.

Managed Accounts Reports, a New York-based consultancy, said three-quarters of hedge funds it had analysed were down in August and 27 per cent had losses exceeding 10 per cent.

George Van of Van Hedge Fund Advisors International, a consultancy advising on hedge funds, said: "It is certainly one of the worst months in recent times. It truly is a terrible month."

While many hedge funds have yet to release details of last month's investment performance, MAR said that preliminary results from 155 hedge funds indicated that emerging market specialists, particularly those investing in Russia, were hit hardest.

However, the fund stressed yesterday its finances were in order with healthy credit facilities and counterparty arrangements. LTC is a market neutral hedge fund. MAR and other consultancies said that while overall performance of these types of hedge funds had been broadly flat during August, some had clearly suffered large losses.

A number of hedge funds with large Russian exposures, are said to be struggling to stay afloat. The High Risk Opportunities Hub Fund, a \$450m hedge fund affiliated with III Offshore Advisors, has already filed for liquidation.

MAR added that a number of Russian-focused hedge funds were refusing to provide details of their net asset value positions and were also putting investor redemptions on hold.

MAR said they were doing this because of difficulties in pricing the value of their underlying securities.

Short seller hedge funds performed strongly in August, according to the MAR report, with an estimated median gain of 21.8 per cent. Market neutral and hedge funds specialising in global macro investing were both broadly flat.

Earlier this week Long-Term Capital Management, run by John Meriwether, disclosed it suffered a fall in its net asset value of 44 per cent in August and 52 per cent for the year to date.

About 13 partners and several members of staff own a

Everest Capital Ltd, which had total assets of \$2.7bn at the end of June, moved to calm investor sentiment yesterday. The offshore company said it was suffering no financial problems.

The month's worst performer, according to MAR, was Croesus-UPG Russia Fund, which lost 57.5 per cent. Its assets now stand at \$21.4m. The top performer was Peregrine Investment Partners, a short seller, which gained 56.7 per cent on assets of \$800,000.

THE ONLY THING BOSNIAN LAND MINES HAVEN'T STOPPED RUNNING IS ADS LIKE THIS.

War in Bosnia, with all its fear, injury and death has now been replaced by peace in Bosnia, with all its fear, injury and death.

The reason for this, is the 4 million unexploded land mines that now litter the former Yugoslavia. Currently they kill or maim around 10 children a week.

This is why at Children in Crisis, we're in the process of creating safe play areas, filled with climbing frames, scramble nets and basketball hoops, where children can run and play sports without worrying that they will come to any harm. But to undertake this daunting task, we urgently need your help. So for more information on our invaluable work and to make a donation, call 0171 978 5081. (For as little as £10 per child, we can help create a safe play area).

Please give generously. Bosnian land mines can't stop this ad running. But you can.

Children in Crisis

BUSINESSES FOR SALE

Appears in the Financial Times every Tuesday, Friday and Saturday. For further information, or to advertise in this section, please contact: Michael Wedderburn on +44 (0)21 673 4874

Cayman Financial Brokerage House

Forex, Futures, Options & Guaranteed Funds

TEL: +1 345 945 3100 WWW.CFBIH.COM FAX: +1 345 945 3199

24 HRS GLOBAL OFFSHORE TRADING

COMPANIES & FINANCE: EUROPE

OIL FRENCH GROUP PREFERS TO CONCENTRATE ON 'PROMISING INTERNAL GROWTH' AFTER 7% DECLINE AT HALFWAY STAGE

Elf talks down prospect of 'mega-merger'

By David Owen and Mark Whilligan in Paris

Philippe Jaffré, Elf Aquitaine chairman, yesterday played down the prospects of the French oil group taking part in a mega-merger along the lines of the recent British Petroleum-Amoco combination.

Speaking as Elf reported a small downturn in first-half profits, Mr Jaffré said the group believed internal growth prospects in its exploration and production division were good enough for it to be directing most of its resources there.

It would be inappropriate to divert from management of the group's very promising internal growth to the more difficult task of managing a considerable external growth operation that would be less interesting for shareholders, he said.

But he suggested the group's position in European refining and distribution could be improved by a "well prepared and well conducted" alliance. He also made clear he would still welcome a tie-up with Sanofi, Elf's drugs arm, and another pharmaceuticals company.

Mr Jaffré's comments came as Elf reported a 7 per cent decline in first-half net income to FF4.59bn (\$782m). Including special items of FF342m from disposals of financial interests in the 1997 first half, the fall was nearly 18 per cent.

A sharp drop in sales, from FF128.4bn to FF112.8bn, partly reflected a 30 per cent decline in oil prices in the past 12 months, according to Mr Jaffré, although strength in downstream and chemical operations helped offset this weakness.

The industry's pricing

would be more dramatically illustrated in the breakdown of operating profits by sector: in exploration and production they were down 41 per cent to FF5.4bn.

Operating profits from downstream operations, however, more than doubled, to FF1.8bn, thanks to improved refining margins, productivity gains and a healthy marketing environment.

In chemicals, the result was ahead 10 per cent to FF2.2bn in spite of flat sales. Again, the improvement was attributed to

improved margins and productivity.

A similar advance was posted at Elf's health division, where a 12 per cent operating improvement at Sanofi, which is 55 per cent owned by Elf, led to a FF1.2bn contribution to the parent's income.

Mr Jaffré said that Elf had resisted the effects of the oil price weakness well, but warned that conditions in the second half remained uncertain.

He said production cuts of 1m-2m barrels a day were needed to restore equilibrium to the market.

"The impact of the economic slowdown in Asia, combined with the new petrochemical capacities on the market could lead to a deterioration in this sector towards the end of the year or the beginning of the next year," he said.

Analysts agreed with his outlook, with one predicting a 20 per cent decline in full-year profits at Elf, from FF240m in 1997.

In spite of the gloom, however, the shares rose 2.17 per cent yesterday to FF611 against a falling market.

Sector gloom over Clariant slowdown

By Jenny Lushby

A second-quarter slowdown at Clariant, the Swiss specialty chemicals group which is one of the industry's fastest growing companies, yesterday cast further gloom over the sector, with analysts downgrading profit forecasts across the board.

Clariant last month announced that sales in local currency terms had risen 1 per cent in the second quarter. This compared with 9 per cent in the previous quarter and more than 10 per cent in the second half of last year.

Yesterday, the group also reported a slowdown in profits growth. Operating income rose 19 per cent in the first half to SF565m (\$391.8m), on sales of SF50.01bn. This compared with a 53 per cent rise in operating profits in the first half of last year.

The Asian crisis cut sales by SF100m in the first six months and dented some of the group's American markets, with US sales of electronics chemicals particularly hard-hit.

Across its portfolio, Clariant reported a 2 per cent decline in chemical prices. However, Roland Lösser, chief financial officer, said Clariant still expected double-digit net income growth in 1998, aided by tax reductions arising from the integration of the specialty

chemicals business acquired from Hoechst, of Germany.

He also predicted a "solid improvement" in operating income this year, thanks to cost-cutting, and reaffirmed the group's expectation that it would meet its 1998 target of a 15 per cent return on sales in all divisions.

In the first half, the group's return on sales reached 12.3 per cent, compared with 10.9 per cent a year earlier. The group was downbeat about prospects for the sector as a whole, predicting pricing pressures through into next year.

Tony Cox, chemicals analyst at Dresner Kleinwort Benson, said Clariant's comments on the sector's outlook had prompted a series of profit downgrades.

It was now clear the downturn in the petrochemicals industry, caused by the addition of too much new capacity, was being accompanied by a slowdown in specialty chemicals, triggered by declining markets.

Another analyst said the results were particularly gloomy from one of the sector's most aggressive competitors. "With US specialty chemical companies downgraded as a result of undercutting, we are now seeing Europeans losing momentum as well. If they are re-rated too, the change could be permanent," he said.

Lex, page 12

Trustor inquiry intensifies

By Jimmy Burns in London and Tim Bart in Stockholm

Swedish prosecutors have returned to the UK to interview Lord Moyne, the Guinness peer, and Lindsay Smallbone, his former business associate, over the alleged SKr455m (\$61m) fraud unearthed last year at Trustor, the Swedish investment company.

A Swedish official confirmed that his country's state prosecutor, Bo Skarinder, was conducting three days of interviews connected to the case at the Swedish Embassy in London.

Mr Skarinder, whose previous visits to the UK have involved meetings with the London-based Serious Fraud Office, last month halted extradition proceedings against Lord Moyne, former Trustor chairman, and Mr Smallbone, former managing director, in connection with alleged embezzlement, swindling and book-keeping offences.

The prosecutor said he had temporarily dropped requests to arrest the two men after they voluntarily offered to be interviewed by him in London.

Mr Skarinder will consider whether to make a fresh warrant request only after completing the interviews and considering additional evidence.

Separately, lawyers acting for the Trustor liquidators in Stockholm confirmed yesterday they had begun bankruptcy proceedings against Lord Moyne in the Swedish courts.

In an action filed with the Stockholm district court earlier this week, lawyers have asked for receivers to be appointed to Lord Moyne Holdings - a Swedish registered company which ultimately held 17 per cent of Trustor's shares and 51.8 per cent of the voting rights.

Stefan Lindsög, the lawyer heading the liquidator's legal team, said: "If our petition is accepted, Lord Moyne will be declared bankrupt in Sweden and his business interests here will be represented in future by a receiver."

Mr Lindsög said the liquidators hoped the move would help them unravel share transactions between Lord Moyne and St Crispin

Trading, an investment company registered in the British Virgin Islands.

"The appointment of a receiver to Lord Moyne's company in Sweden is an important step for us," said Mr Lindsög. "It will be much easier to deal with the receiver than the peer himself."

Three former UK Conservative party politicians - Henry Bellingham, Ron Buxton and Major Anthony Gurney - last December declared themselves shareholders of St Crispin. Mr Bellingham has denied any "direct or indirect" connection to Lord Moyne.

Both Lord Moyne and Mr Smallbone, who also face civil lawsuits for damages from Trustor shareholders, had indicated they would not travel voluntarily to Sweden to stand trial. They deny any wrongdoing, maintaining they acted on behalf of three Swedes who later deceived them.

Two of the Swedes, Thomas Jisander and Peter Mattsson, have been released on bail after being charged in Stockholm with breaching or assisting a

breach of shareholder trust. A third, Joachim Posener, has fled the country and is being sought by Interpol.

The case centres on alleged fraud at Trustor after Lord Moyne bought a controlling stake last year and became non-executive chairman.

Shortly afterwards, SKr630m disappeared from Trustor's Stockholm bank accounts, of which only about SKr135m has been recovered in spite of police investigations across more than a dozen countries.

Lawyers acting for Trustor have discovered an apparent £230,000 (\$384,000) transaction involving a bank account held by Thomas Jisander which led to the hire of a luxury yacht last year. They are also thought to be investigating payments last summer to several credit card companies totalling an estimated £250,000.

It has also emerged that Mr Smallbone last month entered his team in a polo tournament in the south of Spain, but has since begun to sell some of his horses, having transferred the ownership of the team.



Lord Moyne: denies any wrongdoing

Derek Speirs/Report

Cockerill Sambre coy on preferred purchaser

By Neil Buckley in Brussels

Cockerill Sambre, the Belgian steelmaker that is being privatised, refused yesterday to reveal its preference between its two potential buyers - Germany's Thyssen Krupp and France's Usinor - but said it looked forward to being part of one of the world's biggest steel groups.

Its comments came as Cockerill revealed first-half profits well ahead of expectations. Net profits jumped more than ten-fold from BF748m to BF77.49bn (\$207m), reflecting the progress of the group's "Horizon 2000" cost-cutting programme and strong European demand.

Jean Gandois, chairman, warned that the second half was likely to be more difficult, with the impact of the Asian crisis continuing to

put pressure on European prices, but he still expected a "large" full-year profit.

Cockerill, one of Europe's last big state-owned steelmakers, is being privatised by its 79 per cent shareholder, Wallonia, the French-speaking southern region of Belgium.

Usinor and Thyssen Krupp were shortlisted by the Walloon government in July as potential bidders and must submit final bids by September 21, with a final decision expected in early October.

Mr Gandois refused to reveal which candidate he favoured, adding that both were "powerful groups" with significant synergies with Cockerill, though in different areas.

"Cockerill married to either of them would form part of the biggest steel company in Europe," he said. "In production and turnover it

would be in the same league as the Japanese or Korean groups."

However, Mr Gandois refused to rule out the possibility of Cockerill remaining a stand-alone company. If either bid was unacceptable with respect to price or guarantees on maintaining employment in Wallonia.

Earlier, Francis Mer, Usinor chairman, warned that it would not be dragged into paying too high a price for the Belgian steelmaker. "Usinor can live without Cockerill and we are not ready to pay any price," he warned.

Mr Gandois said Cockerill was now achieving about 40 per cent of the projected BF190m annual cost savings from its restructuring. Group sales increased 8 per cent from BF104.3bn to BF113.3bn, with crude steel production up from 3.2m tonnes to 3.7m tonnes.

Minorco 'in no position' to make share buy-back

By Kenneth Gooding, Mining Correspondent

Minorco, the Luxembourg-based subsidiary of South Africa's Anglo American group, is not in a position to buy back some of its own shares in spite of present low prices, Hank Slack, chief executive, said yesterday.

However, it would consider making an offer for the 43.2 per cent of Terra, the US agribusiness, it does not own.

Mr Slack said Minorco could not buy its own shares because of the London stock exchange rule that at least 25 per cent of a company's shares should be freely available before a full listing.

He had announced earlier that Minorco's half-year net earnings were down 38 per cent to \$123m against the same 1997 period, hit hard by lower metal, nitrogen and

methanol prices. The interim dividend is to be held at 22 cents, but Mr Slack hinted the final payment might be cut for the first time in the group's 70-year history.

"While it would be the intention to maintain dividends through a downturn in the commodity cycle, this will need to be kept under review depending on developments in the world economy," he said.

Mr Slack said it was "highly unlikely" prices would improve in the second half. While Minorco would try to improve operating efficiency, earnings before exceptional items would be lower than the first half's \$271m, down from \$495m.

He said Minorco would make a decision about the sale of its gold interests before the end of the year and was in talks with third parties including the sister

company, AngloGold.

Mr Slack would not be drawn on the price Minorco wanted, and denied Anglo American was orchestrating the sale for the benefit of AngloGold. "The decision to look at selling was ours."

Rob Davies, analyst at ING Barings, suggested the gold operations were worth between \$445m and \$542m.

He said cash would be preferable because Minorco needed to reduce its debt, which stood at \$3.7bn at June 30. Interest payments would soon begin to bite and "Minorco will be pushed to make any money next year. This company is crying out for restructuring."

In the half-year, Minorco's sales increased from \$3bn to \$3.2bn and operating earnings fell from \$407m to \$303m. Earnings per share were down from 88 cents to 58 cents.

Ahold moves to reassure investors

By Gordon Grubb in Amsterdam

Ahold, the Dutch supermarket group seeking this month to raise \$2bn in the international capital markets, signalled yesterday that its next big takeover would not require a share issue.

At the same time, it said an unspecified proportion of the \$2bn - needed to cover its planned \$2.6bn purchase of the Giant Food chain in the US - would come in the form of convertible bonds.

The statements were designed to reassure investors made nervous by the turbulence in world markets. Ahold is the Netherlands'

biggest secondary issuer of equity, with which it routinely funds earnings-enhancing expansion abroad.

It reported yesterday a 27.8 per cent boost in interim net profits to FL1.01 (\$286m), or FL1.01 a share against FL0.83. Its shares rose 60 cents to FL1.90 against a falling Amsterdam bourse.

"After consolidating Giant Food and a successful completion of the offering, we are in such good shape that we can afford to make a fairly sizeable acquisition without the support of equity markets," said Ceas van der Hoeven, president.

Michael Meurs, chief financial officer, said this

could include a purchase next year on the scale of Giant. The company would decide next Monday on the mix of bonds and shares in the latest offering, which runs from September 10-24.

In March, Ahold raised FL2bn to finance investments in Argentina and Chile and provide a pool for medium-size deals. That offer was priced at FL1.67, near their peak. "Someone who bought then may be a bit of an unhappy person," Mr Meurs conceded.

But the group said it was raising its target for per-share earnings growth from 15 per cent this year to 20 per cent for 1999. That

reflected its expectations for the Washington DC-based Giant, from which it sees \$30m in synergy benefits next year and \$50m in 2000.

In Asia, where operating losses in the 28 weeks to July 12 widened to FL42.6m from FL38.1m, Ahold expects break-even in 2000. Global revenues at FL29bn were up 13 per cent.

De Boer Unigro, Ahold's main domestic rival, lifted its first-half net profits 14.1 per cent to FL52.7m. It expects to match that trend in the current six months, before its proposed merger with Vender Food is taken into account. Shareholders vote on the deal next month.

Investcorp targets Leica Geosystems

By Jane Martinson, Investment Correspondent

Investcorp, the Bahrain-listed investment company best known for its purchases of luxury goods groups, yesterday moved into the industrial measurement market with the proposed purchase of Leica Geosystems for SF345m (\$312m).

The planned acquisition marks the end of the long-standing relationship between the Schmidheiny family, one of the wealthiest in Switzerland, and the Leica brand name.

Investcorp is to pay Lancet Investments, the company controlled by Stephan Schmidheiny, the head of the family, in a combination of cash and loan notes.

Johannes Huth, a member of Investcorp's management committee, said the company was keen to expand into the specialist precision measurement market and was looking for further bolt-on acquisitions.

Investcorp aims to expand the global positioning systems side of Leica, which produces measurement

devices for surveying property. Mr Huth said this satellite-based system had many unexplored uses in areas such as agriculture and mining.

He added that the price, at less than Leica's turnover of SF460m in the year to March, was a "good one". However, Lancet, a private company, refused to reveal last year's profits.

Mr Huth said there were no plans to cut Leica's 2,550 workforce. Existing management will continue to run the company. The deal represents Invest-

corp's fourth European acquisition this year. Mr Huth said yesterday that the current market turmoil had increased buying opportunities.

The group, which has previously bought companies such as Saks Fifth Avenue, has bought little in the luxury goods market in the past few years. Mr Huth said yesterday it saw greater potential in industrial sectors or consumer branded products in Europe.

Leica Geosystems is not connected to the camera company of the same name.

SBC pulls out of bidding

The Romanian government's efforts to privatise Rom Telecom suffered a further setback yesterday with the announcement by SBC Communications of the US that it was pulling out of the bidding for a strategic shareholding in the state-owned telephone operator.

SBC's withdrawal follows similar action last week by KPN, the Dutch telecoms group, and leaves Romania with only two prospective bidders - Telecom Italia and OTE, the Greek telecoms group. SBC had been negotiating for months to join a bidding consortium with OTE, but said it was pulling out after making "a comprehensive analysis of the opportunity". Final binding offers to purchase a 35 per cent stake in Rom Telecom are to be submitted by the end of October. Goldman Sachs is advising the Romanian government. Kevin Done, East Europe Correspondent

GERMANY

Preussag refocus pays off

Preussag, the German industrial and trading group, yesterday announced a 50 per cent increase in operating profits at the nine-month stage, to DM522m (\$298m). Michael Frenzel, chairman, said the strong growth represented the first benefits from the decision to refocus from heavy, metal-based activities towards service businesses, such as travel and tourism. He expected the trend to continue through the fourth quarter, which ends on September 30. Nine-month sales were up 5 per cent at DM18.9bn, while pre-tax profits more than doubled to DM845m, boosted by the inclusion of DM324m from the sale earlier this year of the company's steel-making business. Preussag said tourism and logistics was the biggest contributor to profits. Profits at the energy and raw materials business were described as satisfactory. Frederick Stüdemann, Berlin

SOUTH AFRICA

Gencor chairman resigns

Brian Gilbertson, who masterminded the restructuring of Gencor, the former South African conglomerate, yesterday announced his resignation as chairman of both Gencor and Gold Fields Ltd to devote his attention to Billiton, the London-based metals group spun off from Gencor last year. Michael McMahon will take over as executive chairman of Gencor, now an investment holding company focused on precious metals. Victor Mallet, Johannesburg

Notice of Redemption
To the Holders of
Pennzoil Company
4.75% Exchangeable Senior Debentures
due October 1, 2003
Registered Securities and Bearer Securities
(the "Debentures")
Cusip No. 70990S B87

NOTICE IS HEREBY GIVEN that, pursuant to the optional redemption provisions of the Indenture, Pennzoil Company has called for the redemption and will redeem on October 1, 1998 (the "Redemption Date"), all of the outstanding Debentures, at a redemption price of 102.375% of the principal thereof (the "Redemption Price") together with accrued interest thereon to the Redemption Date. On the Redemption Date, the Redemption Price will become due and payable and interest on the Debentures will cease to accrue from and after such date.

The Debentures should be presented for payment of the Redemption Price on or after October 1, 1998 to the applicable Paying Agent at the address set forth below:

In the case of Registered Securities either of the following addresses:
If by hand or overnight courier, to:
Chase Bank of Texas, N.A.
Corporate Trust Services
1201 Main Street, 18th Floor
Dallas, Texas 75202
If by mail, to:
Chase Bank of Texas, N.A.
Corporate Trust Services
P.O. Box 2320
Dallas, Texas 75221-2320

In the case of Bearer Securities at the following address, accompanied by all coupons appearing thereon maturing subsequent to the date fixed for redemption or the amount of any such missing coupon or coupons will be deducted from the Redemption Price or security or otherwise satisfactory to the Company, the Trustee and any Paying Agent:
The Chase Manhattan Bank
Crosby Court
38 Bishopsgate
London EC2N 4AJ

Important Notice for Registered Holders: In compliance with the Current Federal Tax Law and Broker-Reporting Requirements, the necessary information is required to be furnished to the principal amount of your holding redeemed unless they are provided with your Social Security or federal employer identification number (properly certified on or before the date upon which interest is presented for payment). Borrowers are additionally subject to a penalty of \$1,500.00 for failure to provide such number. Any questions regarding this notice may be addressed as follows:
In the case of Registered Securities: In the case of Bearer Securities:
Bondholder Services at Tel. No. (1-443) 2122 342167
Tel. No. (1-214) 891-9393
Chase Bank of Texas, National Association
as Trustee

September 3, 1998

*The CUSIP Number is included for convenience of the owners of the Debentures. No representation is made as to the correctness or accuracy of the foregoing CUSIP Number on the Bonds or as indicated in any redemption notice.

Director gloom over Clariant lowdown

By Andrew
The gloom over the Clariant lowdown has been deepened by the announcement that the company's chief executive, Peter Brabeck-Letford, will be stepping down from his post as chairman of the company's parent, the Anglo-Swiss group, after the announcement of the company's losses.

NEWS

MAKING

Landts deny they will take stake in BMW

Landts have denied reports that they are planning to take a stake in BMW. The company, which is a subsidiary of the Dutch government, has said that it is not interested in the company.

TELECOM

IC pulls out of bidding

IC has pulled out of bidding for the company. The company, which is a subsidiary of the Dutch government, has said that it is not interested in the company.

TELECOM

IC pulls out of bidding

IC has pulled out of bidding for the company. The company, which is a subsidiary of the Dutch government, has said that it is not interested in the company.

TELECOM

IC pulls out of bidding

IC has pulled out of bidding for the company. The company, which is a subsidiary of the Dutch government, has said that it is not interested in the company.

TELECOM

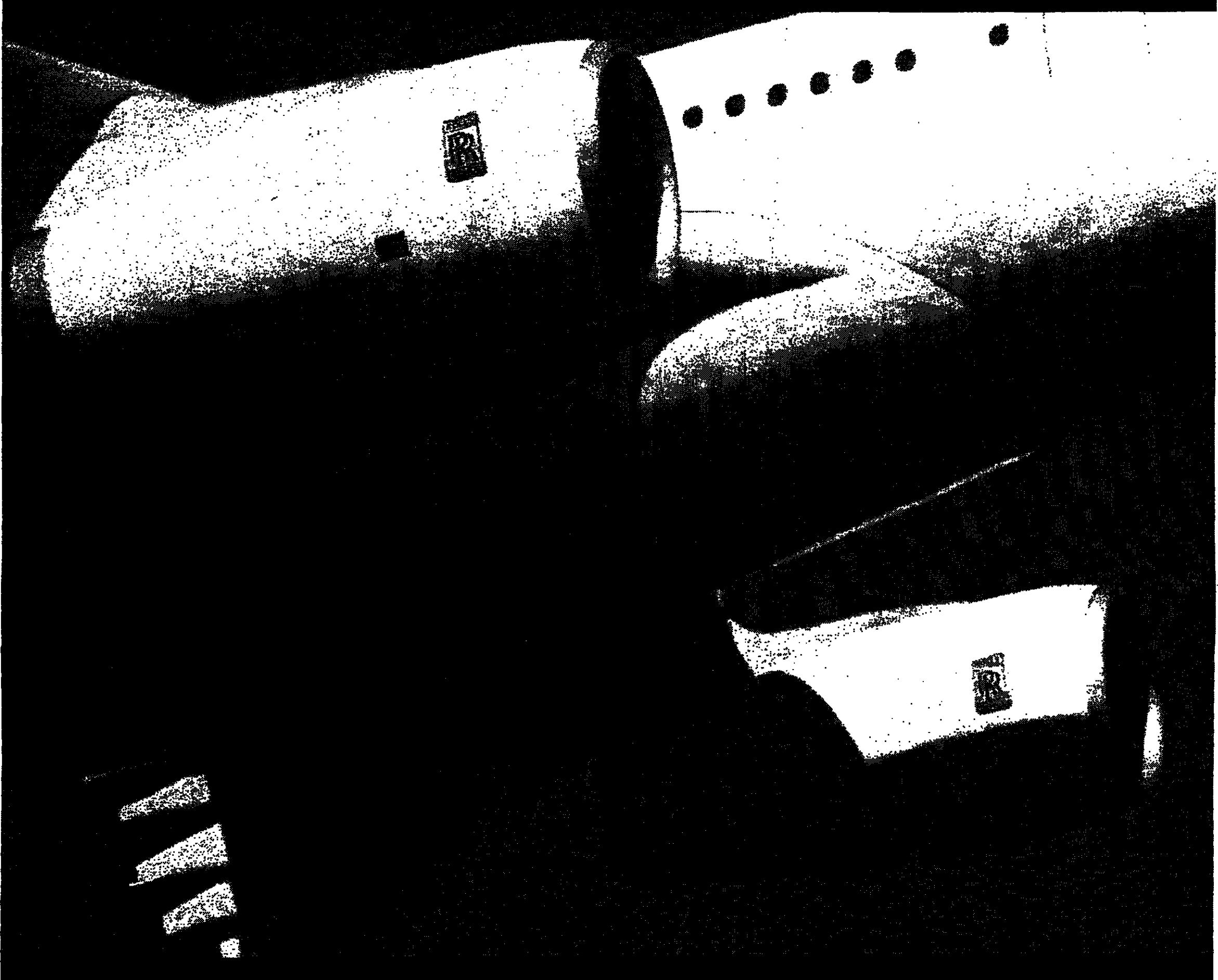
IC pulls out of bidding

IC has pulled out of bidding for the company. The company, which is a subsidiary of the Dutch government, has said that it is not interested in the company.



Rolls-Royce

A COMPANY THE WORLD LOOKS UP TO



Rolls-Royce plc is a highly successful international engineering company at the forefront of technology for the *aerospace, defence and energy* markets.

With customers in over 135 countries, the company is one of the UK's most important exporters and has current announced orders in excess of £10 billion.

Rolls-Royce plc offers the world's broadest

range of engines for the civil aerospace and defence markets, providing the power for aircraft in over 300 major airlines and 130 armed forces.

The company's recently introduced 'Trent family' of engines is one of the most advanced and successful aero-engine families ever produced. Last year the Trent secured 80% of all orders for the latest generation of wide-bodied aircraft.

This strength in the air is also evident on land and at sea, where Rolls-Royce engines are used in vital power stations, for oil and gas applications and to power the ships of 30 navies worldwide.

Rolls-Royce plc is a company the world looks up to for the highest technology and the most advanced products and services. World leading engines that are providing power today and for the new millennium.

ADVANCED POWER SYSTEMS FOR TOMORROW'S WORLD

Rolls-Royce plc, 65 Buckingham Gate, London SW1E 6AT.

<http://www.rolls-royce.com>

COMPANIES & FINANCE: UK

OIL EXPLORATION COMPANY TO REIN IN ACTIVITIES

Low oil price and write-offs hit Enterprise

By Robert Corzine

Enterprise Oil, Britain's biggest independent oil explorer, yesterday reported an 85 per cent collapse in first half, pre-exceptional net profits to £12m (£20m) as a result of low oil prices and heavy exploration write-offs.

An exceptional gain and one-off payment totalling £53m boosted net profits after exceptions to £45m - compared with £20m last time. But investors reacted badly to a set of results that

Graham Hearne, chairman, admitted were "disappointing".

The decline was also prompted by the company's warning that the present dividend was unsustainable.

Pierre Jungels, chief executive, said the company was taking action across the board to make itself more resilient to a prolonged period in which oil prices might stay below \$15 a barrel.

The main actions being considered include a sharp

reduction in exploration expenditure, from £180m this year with an expected write-off of 60 per cent, to £125m next year with a projected write-off of 60-70 per cent.

Enterprise has the second highest exploration spend per barrel of oil produced in the independent sector, with only Anadarko of the US higher.

The company expects to rein in exploration activities in Asia, Latin America and Eastern Europe, and con-

centrate instead on its core areas of the UK, Norway, Italy and the US Gulf of Mexico.

It hopes to shave 20p off its \$5.83 average cost of production through "self-help" measures, but Mr Jungels said reductions on the order to 10 per cent would require changes to the company's reserve base. It also depended on industry-wide efficiency initiatives in the North Sea.

He said the situation was so severe that companies are

on the point of appealing to the UK and other governments to relax some of their exploration commitments.

Although Enterprise yesterday confirmed that it is maintaining the interim dividend at 6.9p a share, Mr Jungels declined to comment on how big a cut may be in the coming next March.

Mr Jungels insisted that Enterprise is in better fundamental shape than some of its competitors. He said Enterprise wanted to assure investors that it was taking

actions that would lead to sustained growth even if oil prices stayed below \$15 a barrel for the next three to four years.

He said a recent asset review disclosed that all existing fields contribute to earnings even at a \$12 a barrel oil price, while all new projects show an internal rate of return above 15 per cent with crude prices between \$12 and \$13 a barrel, the level at which crude prices have been fluctuating in recent weeks.

COMMENT

Enterprise Oil

It is no surprise to see Enterprise Oil blaming its plummeting earnings - on extremely difficult conditions in its industry. As oil price forecasts for 1998-2000 drift downwards on Opec-backed, the hoped-for second half rally towards \$18-\$20 per barrel looks a lost cause. Exploration and production stocks, meanwhile, have languished, underperforming the UK market by 51 per cent over 12 months. And even though most are trading at substantial discounts to net asset values, predators appear to be holding out for signs of life in the oil price before pouncing.

Enterprise's results will only have deepened the gloom. Pierre Jungels, chief executive, prides himself on being first to have spotted warning signs for the sector. But he clearly failed to follow through with a cost-slashing programme to mitigate the impact of today's \$12-\$13 a barrel world. Excluding exceptional items, an earnings fall of 85 per cent is poor even by the standards of the sector. True, Enterprise's average realised oil price fell 33 per cent, but countervailing moves to reduce costs have been inadequate.

At a 20 per cent discount to net asset value - after yesterday's 13 per cent share price fall - Enterprise should be supported by a high-quality asset base and related cost-saving measures. But rapid earnings recovery seems unlikely until the oil price starts to rise.

Shell/Texaco

Shell's plan to forge a European downstream alliance with Texaco makes good sense. Although the stock market is looking for the next mega-merger, Shell's regional joint ventures are also a valid way to create shareholder value. Intense competition, overcapacity and the high cost of environmental compliance have depressed refining and retailing returns and increased the need for rationalisation. While not on the same scale as BP/Mobil's downstream venture or a similar pooling with Texaco by Shell in the US, this deal's initial savings target of \$200m is a decent start. With Shell firmly in the driving seat - it will own 88 per cent of the merged operation - there should be no problem of control or blurred lines of accountability. As this deal does little for Shell in core European markets such as France, Germany and Italy, this will not be its last such move.

Thistle sells 30 hotels to Pamco

By Scheherazade Dameshkh

Thistle Hotels is expected to announce at its interim results next week plans for a share buy-back of up to £200m (£300m). It will be partially financed by the cash sale yesterday of 30 hotels for \$50m to Pamco, a subsidiary of Lehman Brothers, the US investment bank.

The mostly small, provincial hotels had a book value of \$33m and made profits last year of \$8.7m. They will be managed by Peel Hotels, the AIM-listed hotels company established by Robert Peel, Thistle's former chief executive. Lehman is

believed to have outbid Menzies Hotels, a 21-hotel chain which abandoned a market flotation this year.

Thistle came under pressure to improve its performance from Brierley Investments, the New Zealand-based group, which holds a 36 per cent stake. But plans to sell Thistle were abandoned last month, after Nomura International, the Japanese investment bank, lowered its offer for the group.

Thistle is considering increasing its debt and selling more hotels in order to return cash to shareholders. It has now raised £79m in hotel sales this year.



Phil White

National Express enters US bus market

By Jonathan Ford

National Express, the public transport operator, yesterday made its first move into the US bus market with the acquisition of Crabtree-Harmon, an operator of school bus services in Midwestern states, for up to \$37.5m including assumed debt.

Crabtree-Harmon is the seventh largest school bus operator in the US, with 1,200 vehicles and 82 contracts to run services in Missouri, Kansas, Iowa,

Oklahoma, Utah and Colorado. Last year it made pre-tax profits of \$1.5m on sales of \$40m.

It is National Express' second deal in the US. In April it was named as preferred bidder for Stewart Airport near New York. Since last year the group has been seeking to enter the US school bus market, which it regards as immature and fragmented. There are about 430,000 school buses in service in the US serving 23.5m children, or 55 per cent of

pupils. Only 30 per cent of the bus services are privately run, although that proportion is growing. The private industry remains highly fragmented.

Prior to the deal with Crabtree-Harmon, National Express was in talks to buy Atlantic Express, the third biggest operator. However, those broke down earlier this year. In June, Atlantic Express launched a \$75m legal action against the group, alleging misuse of confidential information and

that National Express had impeded its attempts to buy Crabtree-Harmon.

Atlantic Express refused to comment yesterday, other than to say it was proceeding with its action. National Express said the two sides were exchanging information and it would contest the action vigorously.

Phil White, chief executive of National Express, said the group chose Crabtree-Harmon because of its good reputation for service.

He said that Crabtree-Har-

mon, together with Stewart Airport, would provide a "platform for further growth in the US".

The group is looking at further acquisitions in the school bus sector.

National Express is paying an initial \$14.5m, with deferred payments of up to \$4.5m dependent upon profits in the next two years. It is also assuming debt amounting to \$18.5m at the end of June. Crabtree-Harmon will continue to be run by its present management.

Restaurants and pubs hit by fall in food sales

By John Willman

Britain's pub and restaurant groups are expected to report a downturn in trading conditions later this month, following a sharp fall in food sales over the summer.

Bad weather, the impact of the strong pound on tourism and a decline in consumer confidence has led to a 9.4 per cent fall in food sales in pubs in the three months to August 4 compared with the same period last year. Sales in pubs and restaurants combined are down 7.6 per cent over the same period, according to Taylor Nelson Sofres, the market research group.

The news comes after a period during which investment in managed pubs has been more than £1bn (£1.65bn) a year, much of it to increase high-margin food capacity in anticipation of continuing growth in eating out.

Concern over trading con-

ditions in pubs and restaurants led to profit downgrades yesterday for Whitbread, the brewing and hotels group, from two London stockbrokers. Goldman Sachs reduced its full-year pre-tax profit forecast to the end of February from £395m to £362m while Lehman Brothers cut its forecast from £338m to £272m. Whitbread shares fell 17p to 720p.

In mid-August Allied Domecq, which has more than 2,000 managed pubs, warned that poor weather had hit pub sales, with a slowdown in the growth of food sales last week. Scottish & Newcastle, the UK's largest brewer, warned of more difficult trading in its 2,600 pubs.

Pub operators due to issue trading statements later this month include Bass, Greenalls and Wolverhampton & Dudley.

Some smaller regional groups issued warnings earlier in the year.

RESULTS

Company	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current payment (p)	Date of payment	Dividends (p)	Corresponding dividend (p)	Total for year	Total last year
Abbot	6 mths to June 30	89.9 (72.7)	6.82 (7.04)	4.37 (3.5)	Nov 6	0.8	0.8	2.6	2.6
Amec	6 mths to June 30	1,722 (1,514)	22.6 (20.2)	4.9 (4.1)	Jan 4	1.75	1.75	1.5	1.5
Avonside	6 mths to June 30	41.4 (40.2)	1.74 (1.77)	2.8 (2.8)	Nov 30	0.5	0.5	1.5	1.5
Bossey & Harman	6 mths to June 30	43.7 (44.1)	1.25 (1.26)	4.23 (4.23)	Oct 14	2.17	2.17	1.1	1.1
Brandon Hine	6 mths to June 30	13.1 (11)	0.82 (0.82)	0.17 (0.17)	Oct 16	1.1	1.1	3.25	3.25
Burford	6 mths to June 30	21.3 (15.9)	1.18 (0.82)	2.14 (1.44)	Oct 2	1.05	1.05	2.3	2.3
Calvi	6 mths to June 30	10 (10.3)	1.51 (2.05)	30.16 (56.75)	Nov 12	5	5	12	12
Cattell	6 mths to June 30	223.3 (185.3)	20.7 (22.5)	10.4 (18.3)	Nov 3	3.25	3.25	9.8	9.8
Charlton	6 mths to June 30	5.4 (6.5)	0.62 (0.62)	0.12 (0.17)	Nov 3	1.1	1.1	1.1	1.1
Church	6 mths to June 30	38.2 (38.3)	1.52 (1.37)	6.8 (8.4)	Oct 26	3.5	3.5	17	17
Churchill China	6 mths to June 30	25.5 (28.3)	1.02 (2.97)	6.8 (18.3)	Oct 15	4.3	4.3	14.3	14.3
Clubhouse	6 mths to June 30	10.7 (7.02)	3.4 (4.42)	2.7 (2)	Oct 9	1.725	1.725	5.525	5.525
Cybertek	6 mths to June 30	12.4 (10.3)	5.08 (4.18)	9.5 (10.13)	Nov 4	1	1	2.25	2.25
DCS	6 mths to June 30	46.5 (46.5)	3.05 (2.04)	5.34 (6.45)	Nov 20	2.4	2.4	6.4	6.4
Dejima	6 mths to June 30	152.2 (153.4)	21.26 (7.02)	4.91 (1.25)	Nov 20	2.4	2.4	6.4	6.4
Dialog	6 mths to June 30	88.8 (14)	6.59 (2.01)	4.11 (0.9)	Nov 20	2.4	2.4	6.4	6.4
Eidos	3 mths to June 30	25.8 (3.38)	2.28 (0.61)	8.3 (37.6)	Nov 2	6.9	6.9	17.4	17.4
Enterprise Oil	6 mths to June 30	320.8 (480)	47.8 (148.3)	8.4 (14.8)	Nov 2	6.9	6.9	17.4	17.4
Estates & General	6 mths to June 30	3.89 (8.14)	0.804 (1.13)	2.1 (4.1)	Oct 9	0.3	0.3	0.3	0.3
Evans Haldrup	6 mths to June 30	410.4 (448.8)	8.12 (8.11)	17.1 (17.1)	Oct 16	5.5	5.5	17	17
Finetel	Yr to June 30	388.1 (228.9)	28.6 (18.5)	24.1 (22.9)	Oct 26	5.45	5.45	8.9	8.9
Friendly Hotels	24 wks to June 14	30.8 (24.2)	9.54 (1.6)	38.3 (3.4)	Jan 8	2.2	2.2	2.5	2.5
Grafton	6 mths to June 30	154.3 (116.8)	9.12 (7.1)	47.8 (37.7)	Sept 25	8.5	8.5	22.9	22.9
IAF	Yr to June 30	13.7 (8.6)	3.5 (1.36)	16.41 (6.98)	Nov 23	4.5	4.5	7.45	7.45
Isotel	6 mths to June 30	13.4 (11.9)	5.4 (4.55)	32.3 (25.5)	Nov 11	4.14	4.14	6.98	6.98
Marshall	6 mths to June 30	21.3 (21.2)	2.36 (4.87)	1.3 (1.8)	Oct 9	1.1	1.1	1.1	1.1
Marley	6 mths to June 30	348.9 (348.2)	25.16 (24.5)	5.5 (5)	Oct 10	2.1	2.1	5.4	5.4
Meggit	6 mths to June 30	137.8 (131.2)	17.7 (13.6)	5.1 (4.1)	Dec 4	1.5	1.5	4.7	4.7
Moline	6 mths to June 30	101.4 (125.4)	11.24 (7.14)	43.1 (18.2)	Oct 29	6.5	6.5	15	15
North	6 mths to June 30	4.8 (4.1)	1.3 (0.64)	8.4 (7.1)	Oct 7	1	1	4	4
Pittards	6 mths to June 30	39.2 (53.4)	0.719 (2.1)	3.7 (7)	Nov 2	1	1	3.5	3.5
Plant & General	6 mths to June 30	26.4 (28.8)	1.6 (0.879)	1.97 (1.3)	Nov 2	1	1	3	3
Presbury	6 mths to June 30	3.4 (1)	0.833 (0.113)	0.021 (0.06)	Nov 27	1.77	1.77	4.24	4.24
Senior Eng	6 mths to June 30	254.9 (238.5)	24.3 (21.9)	5.78 (5.04)	Nov 27	8	8	9.525	9.525
Stough Estates	6 mths to June 30	111.8 (138.2)	49.8 (60.5)	6.6 (8.5)	Oct 30	1	1	1	1
Swallowfield	24 wks to June 30	23.1 (20)	0.524 (1.48)	2.8 (7.2)	Oct 30	1	1	1	1
Wembley	6 mths to June 30	60 (56.1)	13.1 (2.98)	16.5 (10.3)	Oct 30	1	1	1	1
Wickes	6 mths to June 30	267.9 (291)	11.5 (14.7)	14.6 (18.8)	Oct 16	1	1	1	1
Wilson (Connolly)	6 mths to June 30	148.1 (119.3)	14.3 (10.4)	5 (3.5)	Oct 23	1.5	1.5	5.5	5.5

Investment Trusts

Company	NAV (p)	Attributable Earnings (p)	EPS (p)	Current payment (p)	Date of payment	Corresponding dividend (p)	Total for year	Total last year	
Aim	6 mths to July 31	112.5 (108.14)	0.306 (0.23)	0.7 (0.53)	Nov 27	1.77	1.77	4.24	4.24

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. After exceptional charge. After exceptional credit. 10c increased capital. Rental income. @ 10c stock. *Comparatives restated. Foreign income dividend. **Includes HD element. Comparatives for 25 weeks. Dutch currency. Comparatives for four months. \$Already paid. \$Excludes special. \$Jan 31.

PROFIT UP 39 PER CENT

AMEC p.l.c., the international engineering, construction and development group, reports on the first half of 1998.

Highlights

- Increased contributions from SPIE Group and AMEC Process and Energy
- Sound net cash position £52.9 million (30 June 1997 £5.4 million)
- Order book maintained at £3 billion
- 37 per cent increase in diluted earnings per share to 5.3 pence
- 20 per cent increase in interim dividend to 2.1 pence, covered 2.5 times

	SIX MONTHS ENDED 30 JUNE 1998 £ MILLION	SIX MONTHS ENDED 30 JUNE 1997 £ MILLION	PERCENTAGE CHANGE
Turnover (group and share of joint ventures)	1,722.3	1,513.6	+ 14%
Total operating profit before exceptional items	24.0	17.9	+ 34%
Profit before exceptional items and taxation	22.3	16.0	+ 39%
Profit before taxation (1997 includes £24.2 m profit on sale of Egypt Gas)	22.6	40.2	
Net cash	62.3	8.4	
Shareholders' funds	205.1	197.5	
Diluted earnings per ordinary share			
Before exceptional items	5.2p	3.8p	+ 37%
After exceptional items	5.3p	9.4p	
Dividend per ordinary share	2.1p	1.75p	+ 20%

The interim dividend of 2.1p per share will be paid on 4 January 1999 to ordinary shareholders on the register on 30 October 1998.

Group chief executive, Peter Mason, commented:

"Our performance for the half-year demonstrates the importance of the robust profit streams from our longer-term services and investment businesses. Our overall order book has been sustained during the year so far, at a level of around £3 billion, without compromising the principles of selectivity which underpin our approach to the market."



Interim reports and supplementary disclosures available to investors on the AMEC website. They and copies of annual reports and accounts, are also available upon request from AMEC p.l.c., Group Communications Department, 1 Golden Square, London, W1P 0PS. A mailing list is maintained for those who wish to receive copies of future preliminary announcements to be sent to them.

A theme of putting companies together in bite-sized pieces

Part of a co-operative trend sweeping the oil world: Robert Corzine assesses the latest link-up, between Shell and Texaco

The proposed European refining and marketing joint venture between Royal Dutch/Shell and Texaco of the US is the latest example of a co-operative trend that has swept the oil world in recent years.

It also reflects Shell's strategy of dealing with specific problems, such as its poorly performing European downstream interests, with solutions tailored to individual regions or market segments.

Yesterday's deal will result in the creation of a joint venture that will be 88 per cent owned by Shell, with Texaco having a 12 per cent stake. It will cover 19 refineries - 17 of which are already owned by Shell - and include almost 16,000 retail outlets across Europe. 12,954 of which are now controlled by Shell.

In the aftermath of last month's takeover of Amoco of the US by British Petroleum, there has been a tendency to see any sign of incipient co-operation among leading oil companies as a precursor to a possible merger. But analysts point out that the trend towards regional co-operation - especially in areas such as refining and marketing, where capital requirements are generally large while returns can all too often be measured in single digits - is well established.

"Such strategies are not headline-grabbing like full mergers," said Paul Spedding, oil analyst at Dresdner Kleinwort Benson in London, yesterday. "But in aggregate they can be very effective."

Shell has already placed

all its US downstream assets in two joint ventures, both of which include Texaco. It recently announced a similar arrangement in Australia with Mobil of the US.

Shell's preference for regional solutions as a way to bolster returns in poorly performing businesses is a theme that has been heavily promoted by Mark Moody Stuart, chairman of Shell's committee of managing directors. "It may be much better and easier to put companies together in bite-sized pieces," he said recently.

Yesterday's deal, however, is unlikely to be the last that Shell does in Europe. Shell executives say they want to be number one or two in those markets in which they choose to operate, or have a minimum 20 per cent market share. Figures compiled by Wood Mackenzie, the oil industry consultants, show that even after yesterday's sale announcement Shell still has small shares of the retail petrol market in some of Europe's biggest countries, such as Spain (3.9 per cent), France (7 per cent) and Italy (7.1 per cent).

This week Shell said it had held talks with other companies as well as Texaco. But some European-based companies may not be as keen as Texaco to submerge their interests in what will clearly be a Shell-dominated group.

"Shell would not be the right partner for us," said Thierry Desmarest, chairman of Total of France. "There is simply too big a difference in size. Besides, we want to maintain a downstream presence in Europe, and our downstream assets are performing quite well."

The strict limits imposed on the Shell-Texaco link disappointed some analysts, who questioned the exclusion of several high growth or high margin business segments. Products such as liquefied petroleum gas and aviation fuels are not covered by the agreement.

The relatively small size of Texaco's European downstream network and the exclusion of such product lines "means it won't really transform the economics of Shell's business," said Jeremy Hudson, European oil analyst at brokers Saloman Smith Barney. The expected annual cost savings of \$200m were not enough to transform Shell's European downstream returns, he said.

Some analysts also questioned the value of maintaining two brands in Europe. A similar arrangement is in place in the US joint venture, and Mr Moody Stuart has said "it is not a bad idea to have multiple brands".

However, he noted that in some cases where Shell has acquired retail chains from other companies, "we've lost some value in rebranding". Shell also seems prepared for regulatory problems. The deal raises possible competition concerns in several countries. Shell will have to dispose of filling stations in the Netherlands. Disposals might also have to be made in Ireland, Luxembourg and Belgium.

The big question, say analysts, is whether Shell, which is the only international oil company with a presence in all 15 member states of the EU, can use such disposals in an asset swap to secure meaningful positions in some of those EU markets where it is lagging far behind. If it cannot, then withdrawal from some markets may soon follow.

Enterprise Oil

Thistle sells 30 hotels to Pame

of putting control in bite-sized pieces



Before a long trip,
it's always smart to choose Mobil.



On its ten-year, billion-mile mission, the International Space Station will not make pit stops and its air system can never break down. So the grease for its fans and motors is not just a detail. It had to pass nearly as many tests as the astronauts and in the end a Mobil synthetic grease was the winner. What's exciting is that we did not create this grease for outer space. You can buy the same material

(Mobilith SHC® 220) for your bicycle, bus or paper mill. Which, to us, shows the value of how we do research, trying to make things better than necessary. No one asked us to develop synthetic lubricants, but we did—that is how real innovation works. You aim to exceed present-day expectations so that when the future arrives, you're already there. To learn more, visit us on the Internet at www.mobil.com.

Mobil The energy
to make a difference.

MANAGEMENT

PROFILE JOHN WESTON, BRITISH AEROSPACE

Direct approach backs vision of integration

Alexander Nicoll on the former engineer who wants a unified European company to compete with merged US defence groups

John Weston is keenly aware of the longer-term security of British Aerospace - again. This time, however, the circumstances are very different from the aircraft maker's close encounter with bankruptcy in 1992.

Then, Mr Weston was a key member of the management team which fought for the company's survival in the face of falling orders for defence equipment, and with regional aircraft and car businesses making huge holes in the accounts.

"We were pretty close to having the company in the hands of the banks," Mr Weston says. "A lot of people in the company don't realise how close it was to the edge."

Next week a very different BAE will be on display at Farnborough as the UK's biennial air show takes place on the airfield next to its corporate headquarters in Hampshire. With a £22bn (\$36bn) order book and healthy profits, it is the pre-eminent European aerospace group.

Sir Richard Evans, who this year stepped back from day-to-day management to succeed Bob Bauman as chairman, and Mr Weston, who took over as chief executive, will be the people everybody wants to talk to.

In spite of the remarkable recovery, Mr Weston is

'Quite often, people set tougher targets for themselves than they would accept from managers'

European counterparts have been coping separately with the downturn in military orders since the end of the cold war. US defence companies have been getting together. A series of mergers and acquisitions has left three companies - Boeing, Lockheed Martin and Raytheon - each far bigger than any European rival. "Their size does give them a big opportunity to get the cost out," Mr Weston says.

He has a vision of how Europe should deal with this challenge: by creating a unified aerospace and defence company. But this could not be done simply by the strong acquiring the weak, as in the US. To be successful, "Euroco" - as BAE dubbed it - would have to retain the confidence of the governments which are the main customers of each of the companies which might be absorbed into it. Because of the highly political nature of defence procurement, each country must feel it would benefit from Euroco's success - otherwise there would be no reason to favour it over the Americans.

It is Mr Weston's delicate mission to pilot BAE into what would be a uniquely structured European company on terms which convince shareholders they would be getting something better for their BAE shares.

BAE in its present form, as well as Aerospatiale of France, Daimler-Benz Aerospace (Dasa) of Germany and perhaps other companies, would disappear and become part of the new entity.

The vision might seem no more than wishful thinking. In spite of strong governmental support, it is certainly slow in coming to pass. But Mr Weston's straightforward, step-by-step approach gives confidence it might actually happen.

An engineer, Mr Weston, 47, joined what was then British Aircraft Corporation at the age of 18 as an under-graduate apprentice before winning a first class degree at Cambridge University. He spent most of the 1980s closely involved with BAE's sales of aircraft to Saudi Arabia, and took charge of the defence side just as the company reached its 1992 nadir.

Mr Weston describes as "knocking off problems" a process which has not only returned the company to prosperity but also revolutionised the way in which it operates.

It was not just a matter of stopping the financial haemorrhage from regional aircraft, selling the Rover car business and winning another order from Saudi Arabia. BAE had to be sure that if it won new orders, they would be sufficiently profitable. That meant a drastic improvement in productivity.

Within BAE Mr Weston is given much of the credit for initiating changes in work practices which went alongside thousands of redundancies and the closure of factories including one at Preston in BAE's Lancashire heartland.

"We had to get people away from the idea that they were working for a big rich company and that their prosperity depended on how well the trade unions did in negotiations," Mr Weston says.



John Weston: 'A lot of people in the company don't realise how close it was to the edge'

BAE's strategy was to communicate directly with its workforce and to begin changes within individual businesses. This has led to a company-wide empowering of staff, a huge improvement in relations with unions, and - helped by computer technology - big changes in aircraft design and manufacturing processes.

"We took out layers of management and introduced much more participation in the business planning process," Mr Weston says. "In the best business units, more than half the people are involved. Quite often, people set tougher targets for themselves than they would accept from managers."

The change in culture is applauded by union leaders and by workers who say they have been given respon-

sibility to think how best to do their jobs.

John Deans, convenor of shop-floor unions at the Warton plant in Lancashire, now takes part in BAE's marketing campaigns. He says of the days of poor industrial relations: "We had power then, but what did all those walk-outs achieve? At the end of the day, unless we get orders, and there are aircraft waiting to take off, I won't be representing anyone." Mr Weston says: "People now realise that they are masters of their own destiny."

Such a transformation gives cause for confidence that BAE can proceed to the next step: integration with

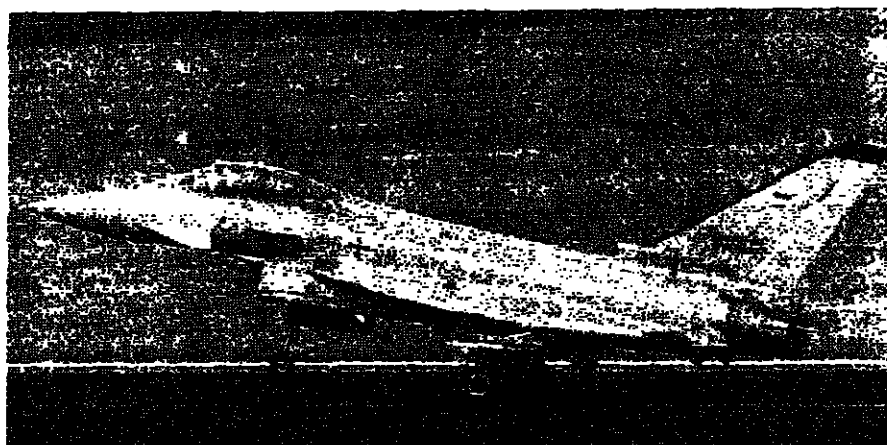
other European companies. This too presents seemingly insurmountable obstacles, such as the French state's large holding in its defence industry.

For BAE, it is unacceptable for any state to have a stake in the future European group. It fears governmental influence would prevent the company from being run on commercial lines and limit benefits to be gained from rationalisation. The determination of BAE and Dasa to press ahead - apparently with or without the French - has already paid off with France's announcement in July that it would divest just over half of Aerospatiale.

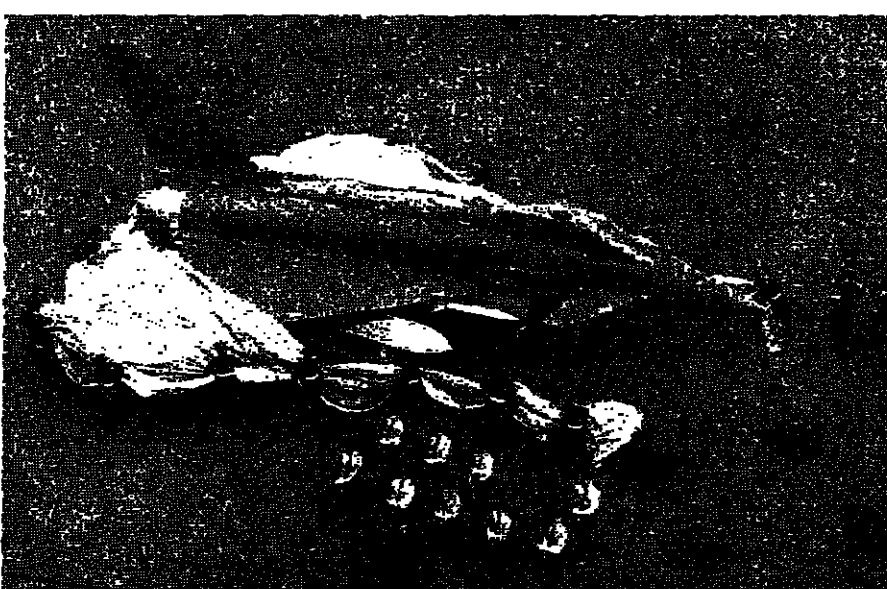
This is not enough for Mr Weston, who says: "They've got another big step to take, which would be the privatisation of the second half."

His approach is epitomised by the steady development of closer ties with companies such as Saab of Sweden, where BAE started with a technical assistance agreement and emerged this year with a 35 per cent stake.

"The next steps will be determined by the art of the possible," he says. "All things will be done step-by-step and it would be a brave man who could get his crystal ball out and think what those steps are going to be."



A Eurofighter takes off on Wednesday at a preview of its display at next week's Farnborough air show. It was announced that the aircraft would be marketed outside Britain, Germany, Spain and Italy - the partner nations in the project - as the Typhoon. A model displaying the new name was unveiled. Photographs: Ashley Ashwood



THE PROPERTY MARKET

MIAMI SOBE DISTRICT 165 Key Hotel property Tremendous upside \$20 million Contact commercial associates: Michael Bellide or John Ryan LINDA A. GARY REAL ESTATE 420 South Country Rd. Palm Beach, Florida 33480 Fax (561) 881-0330 Tel (561) 655-0881	PALM BEACH 1. Office Building in Prime Palm Beach Financial District, 20,000 sq. ft. 2. Boutique Hotel with Restaurant, Tremendous upside Contact commercial associates: Michael Bellide - or - John Ryan LINDA A. GARY REAL ESTATE 420 South Country Rd. Palm Beach, Florida 33480 Fax (561) 881-0330 Tel (561) 655-0881	Zug - Switzerland Choose your business location in an ideal environment. For further information please contact: mcr MANAGING CORPORATE REAL ESTATE Unterstrasse 3 8001 Zurich Switzerland Phone +41 1 217 82 80 Fax +41 1 217 82 90 Internet: www.mcr.ch
DOCKLANDS Close to St. Katherine's Dock, Newbury, 1000 sq. ft. office space, 500 sq. ft. shop, 100 sq. ft. parking lot.	FOR SALE 18 Letting Rooms 4 double 12 single planning permission granted 5,500 sq. ft. trading pub Freehold 220K With 1000 sq. ft. car park 01494 481 604	

A Prime Site for your Commercial Property Advertising

Advertise your property to approximately 1 million FT readers in 140 countries.

For details:

Louise Hawker +44 (0)171 873 3211
Fax: +44 (0)171 873 3098

HOUSE & FLAT FINDERS
 Purchases and Rentals
 Expert. Independent.
 Phone and Fax
 +44 (0) 181 - 398 - 8414
 Fline@mcmill.com
 20 Oaklands Avenue
 Esher KT10 3HX
 FOCUS HOMESearch

WEEKEND FT

EAST AND LOOKS THE NEW RUSSIAN KLEPTOCRACY



capitalist kicks, tourist tricks, monastic chicks

Crunch time for Russia's new kleptocracy, wide-eyed and breathless on the hidden trail to Machu Picchu, and autumn's great fashion cover-up. All in how to spend it colour magazine, free with tomorrow's Weekend FT.

FINANCIAL TIMES

No FT, no comment.

FT SYNTHETIC EURO RATES

Figure 1. The effect of the concentration of the *Agrobacterium* suspension on the transformation efficiency of *Agrobacterium* strains. The *Agrobacterium* strains were grown in YEA medium at 28°C for 24 h. The cell concentration was adjusted to 10⁸ cells/ml. The cells were then mixed with the plasmid solution and the mixture was transformed into *Agrobacterium* strains. The transformation efficiency was determined by the number of transformants per 10⁸ cells. The results are shown in Table 1.

CURRENCIES & MONEY

Bears take charge of the US dollar

MARKETS REPORT

By Richard Adams in London and John Labate in New York

The US dollar slumped against the yen and the Swiss franc in early afternoon trading and Treasury prices climbed higher on a new round of concerns about the global economy.

By early afternoon the dollar was down against the yen, at Y134.45, its weakest point since the last intervention by the Bank of Japan.

Against the D-mark the dollar touched a nine and half month low during trading in Europe, and recovered slightly in New York by noon, to DM1.7305.

Currency analysts in London said the dollar's weakness signalled what may be the end of its upward trend against European currencies for the past 18 months.

In Europe, the dollar had

ended trading hours at DM1.724, a fall of 2.6 pence against the German currency compared to the closing level on Wednesday.

The crisis in Russia, added to concerns about further falls in other emerging markets, sent Treasury bond prices soaring to record levels, but major currencies continued trading in a relatively narrow range, sending analysts mixed signals.

While many in the market anticipate a cooling off of US economic growth through the rest of the year, those prospects remain bright compared to the Japanese economy showing few signs of turnaround.

"The only explanation that I find that has merit to it is that we have global margin

calls," said Marc Chandler, senior currency strategist at Deutsche Bank in New York.

By this view investors are covered short positions into one of three main currencies, the D-mark, the Swiss franc, and the yen, which they had previously sold to finance acquisitions of other assets.

In addition Japanese institutions have been forced to raise funds to cover losses.

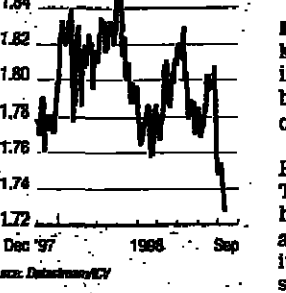
"There is some capital repatriation going on by the Japanese, but I have a feeling it is more than normal," said Michael Rosenberg, managing director of international fixed income at Merrill Lynch.

Yesterday's trade marked only the latest in unexpected currency moves since the Russian government was thrown into crisis and the rouble was devalued.

Analysts expect that hedge funds and other investors - some of which have suffered

Dollar

Against the D-mark (DM per \$)



Source: Reuters/MTI

huge losses in the wake of turmoil in Russia and Asia - have had to sell holdings of some US dollar assets, in order to offset other losses.

"In times of stress you may have to sell what you have a profit in," said Mr Rosenberg.

Some are eyeing moves by the Japanese government as a main issue in future currency trading for the next

several weeks. With expectations of action to prop the economy dimming daily, any sudden move could set off a new round of selling dollars.

The foreign exchange market may be exaggerating the importance of any deal between Japan's politicians over bank restructuring.

Ken Landon, Deutsche Bank's currency analyst in Tokyo, said: "Japan has got huge problems. They are just at the beginning of clearing it up - and they will have to spend a lot of resources."

Mr Landon said the possible sources of funds to refund the banking sector were all very negative for

the yen - increased taxes, deficit spending or printing money.

Some traders in Europe and the US said the yen repatriation ahead of Japan's fiscal half-year end has largely been factored into the market.

The informal agreement between Singapore's banks over unresolved ringgit forward contracts should calm the excitement.

A group of banks agreed to terminate existing contracts that settle at a rate of M\$1 to the US dollar.

Yesterday the banks' industry group, the Association of Banks in Singapore, said: "Customers are advised to contact their banks to settle their (ringgit) transactions as soon as possible and not later than 9 September 1998. Each bank would have its own procedures for the settlement of such transactions."

POUND SPOT FORWARD AGAINST THE POUND

		mid-point	on day	advanced	high	low	rate	SPA
Denmark								
Austria	(Sfr)	20.0008	-0.0007	500 - 112	20.5367	20.2058	20.3916	1
Belgium	(Sfr)	11.0001	-0.0002	534 - 693	11.0001	10.9958	10.9981	1
Canada	(Cdn)	11.0001	-0.0002	534 - 693	11.0001	11.0001	11.0001	1
Denmark								
Finland	(Fmk)	8.5301	-0.0044	135 - 209	8.6780	8.6531	8.7304	1
France	(Ffr)	9.7200	-0.0007	167 - 233	9.7401	9.7102	9.8375	1
Germany	(M)	10.0000	-0.0002	879 - 1003	10.0000	9.9975	10.0000	1
Greece	(Gdr)	49.725	-0.0101	303 - 433	50.0000	49.9904	50.0000	1
India	(R)	1.1559	-0.0000	346 - 376	1.1559	1.1534	1.1543	1
Italy	(L)	2953.93	-0.0021	540 - 545	2954.82	2953.73	2959.32	1
Japan	(Yen)	100.0000	-0.0000	540 - 545	100.0000	99.9975	100.0000	1
Netherlands	(Gld)	10.0000	-0.0002	534 - 693	10.0000	9.9975	10.0000	1
Norway	(Nkr)	12.5003	-0.0011	192 - 398	13.0063	12.9683	13.0015	1
Portugal	(Esc)	207.204	-1.031	301 - 376	209.995	206.981	208.418	1
Spain	(Ptas)	166.0006	-1.028	891 - 116	166.0000	165.9975	166.301	1
Sweden	(Skr)	10.0000	-0.0002	534 - 693	10.0000	9.9975	10.0000	1
Switzerland	(Sfr)	2.5919	-0.0003	303 - 854	2.6005	2.5790	2.5701	1
UK								
East		1.4713	-0.0109	704 - 722	1.4841	1.4704	1.4573	1
West		1.23730						
Argentina	(Peso)	1.6910	+0.0116	805 - 815	1.6887	1.6893	-	1
Brazil	(R)	1.9803	+0.0157	756 - 810	1.9887	1.9841	-	1
Chile	(Peso)	2.9857	+0.0089	851 - 855	2.9857	2.9851	2.9851	1
Colombia	(New Pes)	17.0105	+0.0081	862 - 867	17.0527	16.9937	17.0933	1
Costa Rica	(Crd)	1.8913	+0.0116	806 - 818	1.8882	1.8786	1.851	1
Peru/Middle East/Canton								
Australia	(A\$)	2.5006	+0.0076	579 - 632	2.5095	2.5040	2.505	1
Canada	(Cdn)	13.0000	+0.0009	237 - 253	13.0000	12.9943	13.0000	1
France	(Ffr)	71.4793	+0.0075	424 - 101	71.6893	71.6070	-	1
Indonesia	(Rupiah)	19579.48	-9.773	077 - 056	19335.00	19330.00	19513.00	1
Israel	(S)	6.472	+0.0170	707 - 037	6.5037	6.4867	-	1
Japan	(Yen)	226.158	-0.0000	534 - 693	226.158	226.158	226.158	1
Malaysia	(M)	1.0000	+0.004	570 - 603	1.0136	1.0149	1.0178	1
New Zealand	(NZ\$)	3.3550	+0.0004	556 - 823	3.3833	3.3549	3.3549	1
Philippines	Peso	72.8355	+0.004	766 - 833	73.1593	72.7766	73.4088	1
Singapore	(S\$)	6.3505	+0.0055	492 - 063	6.3550	6.3505	6.3019	1
South Africa	(Rand)	10.0000	+0.0000	534 - 693	10.0000	9.9975	10.0000	1
South Korea	(Won)	10.4491	-0.0072	236 - 056	10.5672	10.5394	10.5744	1
South Wales	(Won)	226.612	-2.1	210 - 016	234.512	222.954	-	1
Taiwan	(Nt\$)	59.6319	-0.3897	011 - 827	59.6955	59.6919	59.6304	0.001
Thailand	(Bt)	80.0130	-0.0097	495 - 515	80.7015	80.7019	80.6774	1
1 Sfr = 100 C								
1 Sfr = 100 C								

Source: Reuters/MTI

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Spot	3m	6m	9m	12m	15m	18m	21m	24m	27m	30m	33m	36m	39m	42m	45m	48m	51m	54m	57m	60m	63m	66m	69m	72m	75m	78m	81m	84m	87m	90m	93m	96m	99m	102m	105m	108m	111m	114m	117m	120m	123m	126m	129m	132m	135m	138m	141m	144m	147m	150m	153m	156
------	----	----	----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	-----

COMMODITIES & AGRICULTURE

COPPER WEST COAST WAREHOUSES CAPPED

LME moves to correct distortion

By Kenneth Gooding, Mining Correspondent

The London Metal Exchange yesterday took action to correct a distortion in its copper market that has been hitting European consumers hard.

So much copper has been attracted to the LME's authorised warehouses on the west coast of the US that consumers have had to pay big premiums to take delivery from those in Europe.

At one point this year the premium to the LME cash price for delivery from Rotterdam warehouses rose to \$70 a tonne, compared with the usual \$20 to \$30. Kevin Norris, minerals economist at Barclays Capital, said so far this year the premium has averaged \$40 a tonne.

The LME said yesterday a scheme to "cap" the amount of copper that could go into the west coast warehouses. Each warehouse company in Los Angeles and Long Beach would have its maximum tonnage capacity for LME copper fixed at the amount it held at noon on December 2 this year.

Yesterday, the warehouses, which are authorised but not owned by the LME, contained 209,925 tonnes of copper or 63 per cent of the total 335,375 tonnes in the exchange's stocks. Analysts said the level had reached 80 per cent at one point this year.

Barclays's Mr Norris said the decision to "cap" storage capacity at the west coast warehouses might distort the market even more in the short term. "It is an incentive for those warehouses to ship in more metal to get the level as high as possible by December 2."

The LME said it was right that reasonable notice of the

change should be given because "people have contractual arrangements".

The exchange has been criticised in the past for establishing the west coast warehouses because they were close to some big US producers, whereas the policy had always been to have warehouses in areas of net metal consumption.

The LME responded by pointing out that finding ideal locations for warehouses was always difficult and those on the US west coast were to supply south-east Asian markets - which are net consumers. At first this worked and metal flowed from the US to Asia but economic turmoil in the region caused a build up of stocks in the US.

Traders suggested that the US companies responded to changed conditions by offering incentives to producers and merchants to use their warehouses.

The LME said yesterday: "The board's attention has been drawn to various comments and reports alleging payment of exceptional inducements, demand for a variety of substantial additional charges in addition to [normal] charges and impediments to speedy physical redelivery out of warehouses."

"The exchange is looking into this matter and intends to review as a matter of urgency its contractual arrangements with warehouse companies."

Some traders questioned how so-called inducements could be controlled. "It is up to the owner to charge what he wants to charge. If a US warehouse owner wants to charge less than a European one, surely that is up to him," said one.

Testing times for Guyanese forestry

The industry is seeking state aid as costs rise and exports fall, writes Canute James

Guyana's timber export industry, which was expected to bring revenues of about \$100m a year from next year, is struggling to retain markets and keep foreign investors. The industry has asked the government for an injection of \$100m, saying thousands of workers will be sacked.

"The industry is in recession," said David Persaud, president of the Forest Producers Association. Rising costs have been compounded by a steep fall in demand from export markets.

Ten years ago the industry was dominated by a handful of large local companies and two regional groups. Then the government, keen on foreign investors, managed to attract US, Canadian and Asian companies to the sector.

One of these, Barama, a joint venture involving Sunkyoung of South Korea and Samling of Malaysia, obtained a raft of tax and other concessions for an area in the north-eastern region, near the Venezuelan border, totalling 4.1m acres.

However, the Asian economic problems have not only reduced investments in the industry but have closed export markets on which many investments were predicated.

About 75 per cent of Guyana's 83,000 square miles is forest, and the Forestry Commission, which administers the industry, says the

country has more than 1,000 species of tree, of which 140 are being harvested. Only 15 are exported.

In the past three years, Guyana's timber sector has become increasingly valuable to the economy, contributing about 4.6 per cent of GDP. However, this will decline as export earnings are falling rapidly.

Barama's \$100m investment, including a large plywood factory, employs about 1,000 people. Its top grade plywood has found easy markets in Asia and the US, but it is now laying off workers, and three locally owned companies say they may soon have to do the same.

Toole Persaud, a local producer, says demand has dropped to small orders from Caribbean buyers. "Our company alone has millions of dollars worth of logs and finished products in stock. We are in a serious predicament," says Yacob Ally, the managing director.

The FPA has asked government to provide land and financing to build a communal drying kiln to process wood and help it access non-traditional markets which require dried timber.

The companies say they do not have the \$100m required to buy state of the art saw milling equipment needed to compete internationally. With a communal kiln, several species of wood not now commercially feasible could be marketed, they said.



President Janet Jagdeo's government has been asked to set up a free trade zone

The producers have also asked the government of recently elected President Janet Jagdeo to establish a free trade zone. They want duty free concessions for spare parts and fuel, and a reduction in the fees charged by the Forestry Commission.

"We believe that such investments will create a surge in demand for all species of Guyana's hardwood," says Mr Persaud.

Some companies claim the government's attitude towards the industry is compromising their problems. Case Timbers of Guyana and United Amalgam Commercial Industries of Malaysia have created a joint venture, but they say a lack of government co-operation is the reason for their recent threat to pull out of Guyana, giving up a \$52m investment.

Hamley Case, managing director, says the company faces several problems, and his Malaysian partners are exploring their options in neighbouring Surinam.

"My Malaysian partners have been here for 4½ years and have reached the stage where they don't even want to see Guyana on a map," Mr Case says. "They are totally fed up with the way they have been treated."

A big problem is the government's refusal to grant an exploratory forest concession lease for another area.

"It was on the basis that the exploratory lease would be granted that the Malaysians decided to bring a \$27m plywood mill into the country, but the mill has been sitting on the wharf for 12 months. The government appears ambivalent to foreign investment," he says.

The government has appointed a subcommittee to deal with the issue, says Roger Lush, cabinet secretary. "Both sides want this deal to go through."

NEWS DIGEST

EDIBLE OILS

Indian ban on mustard product hits other sectors

A ban on mustard oil in India has created a scare that has spilled over to other oils, crippling the Indian edible oil industry. The ban will hit the future mustard crop and its farmers, said Ajay Tandon, president of the Solvent Extractors' Association of India (SEAI).

The states of Bihar, West Bengal, Uttar Pradesh, Haryana, Orissa and Assam banned mustard oil sales last week after 41 people died from a drop in the oil. The health ministry said the drop was triggered by a toxic alkaloid squalenine in argemone oil, with which the mustard oil had been adulterated. Mustard oil is used mostly in eastern and northern states for cooking.

"No one is going to touch mustard now, no one is going to grow mustard either if this trend continues," Mr Tandon said. "Activity in the edible oil industry has come to a virtual standstill."

Mustard oil accounts for nearly 25 per cent of India's domestic oil output and the ban will affect other edible oils as well, he said. "Crushers, refiners and processors deal in various oils, and once a sample of mustard oil is found defective then all their activity in other oils is also brought to a halt. That affects our supplies and creates a panic situation in the market."

India's mustard crop totals nearly 5m tonnes from which 1.7m tonnes of oil is extracted. Reuters, New Delhi

COCOA

Smaller production deficit seen

The International Cocoa Organisation has forecast a world production deficit in 1998-99 of 70,000 tonnes, compared with an estimated deficit of 146,000 tonnes in 1997-98. The organisation forecast 1998-99 production at 2.79m tonnes and grindings at 2.88m tonnes, against 1997-98 production and consumption forecasts of 2.682m and 2.828m tonnes respectively. Ivory Coast, the biggest producer, is expected to produce 1.14m tonnes in 1998-99, against 1.11m tonnes in 1997-98.

The data will be used in the ICCO's management plan, which is intended to achieve a balance between production and consumption within four years. Reuters, London

Oil prices above \$13 for first time in a month

MARKETS REPORT

By Paul Solman and Agencies

World oil prices jumped above \$13 for the first time in a month yesterday, as traders began to worry about the impact of potential long disruptions to supplies from Russia.

In late trading on the London's International Petroleum Exchange, benchmark Brent blend for October delivery was \$13.02 a barrel, compared with Wednesday's close of \$12.46. However, the global supply glut means the price remains well below last year's average of \$19.30.

Russia is one of the world's largest oil producers, and its exports of crude from

its main Black Sea and Baltic ports have been severely restricted since last week, banking chaos has prevented lifters from getting hold of money to pay customs duties. Russia is also a key supplier of oil products, such as gas oil and fuel oil, to Europe, though these have not been hit hard so far.

The oil price was also

boosted yesterday by reports that Venezuela and Saudi Arabia - key participants in the recent agreements to curb global production - are to meet in London next week. A meeting arranged between the two countries and Mexico for last month failed to take place.

Base metals also rose on the London Metals

Exchange, with analysts attributing the gains to funds covering short positions and triggering stops. Nickel had surged \$165 to \$4,195 a tonne at the curb close, while copper was up \$38 at \$1,678 a tonne and aluminium was \$12.50 higher at \$1,427 a tonne.

Falconbridge Dominicana (Falcon), a subsidiary of

the Canadian group, yesterday announced that, in response to market conditions, it was cutting production from its ferro-nickel operation in the Dominican Republic. Falconbridge will shut down for about three months from October 25, losing about 8,000 tonnes of nickel in ferro-nickel production as a result.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Anonymous Metal Trading)

ALUMINIUM, 99.7 PURITY (5 per cent)

Close 1408-10 1425-27

Previous 1391-2 1409-10

High/Low 1420-1408

AM Official 1395-98 1413.5-14.0

Kerb close 1427-25

Open int. 297,276

Total daily turnover 111,172

PLATINUM, 999.95 (5 per cent)

Close 370.1 +0.2 371.8 362.5

Previous 371.1 +0.2 373.0 365.0

High/Low 372.1 +0.2 - 2

AM Official 372.1 +0.2 - 2

Kerb close 372.1 +0.2 - 2

Open int. 1,008,109

Total daily turnover 1,008,109

PALLADIUM, 999.95 (100 Troy oz. Silver)

Close 286.30 +4.30 286.50 279.00

Previous 284.80 +4.80 286.00 278.00

High/Low 282.30 +4.80 - 300

AM Official 282.30 +4.80 - 300

Kerb close 282.30 +4.80 - 300

Open int. 800,278

Total daily turnover 800,278

SILVER, 999.9 (100 Troy oz. Silver)

Close 488.8 +11.0 490.0 472.0

Previous 485.0 +11.0 500.0 475.0

High/Low 485.0 +11.0 - 1.39

AM Official 485.0 +11.0 - 1.39

Kerb close 485.0 +11.0 - 1.39

Open int. 228,878

Total daily turnover 228,878

NICKEL, 99.95 (5 per cent)

Close 4220-30 4230-30

Previous 4070-20 4125-25

High/Low 4080-4110

AM Official 4080-40

Kerb close 4230-30

Open int. 56,483

Total daily turnover 28,329

ZINC, special high grade (5 per cent)

Close 1036-37 1057-59

Previous 1022-1 1045-6

High/Low 1060/1038

AM Official 1032-34

Kerb close 1049-50

Open int. 85,352

Total daily turnover 20,190

COPPER, grade A (5 per cent)

Close 1665-66 1677-78

Previous 1635-6 1645-6

High/Low 1650/1632

AM Official 1635-36

Kerb close 1677-78

Open int. 166,119

Total daily turnover 90,800

LME AM Official 5/8 rate 1.8943

LME Closing 5/8 rate 1.8930

Spot 1 5/8 1.896 9 1/8 1.896 9 1/8 1.897

Precious Metals continued

GOLD COMEX (100 Troy oz. Silver)

Sett. Day's price change High Low Vol Open

Sep 285.2 +4.9 287.5 279.5 1,273

Oct 286.0 +4.9 287.5 279.5 11,156

Nov 286.3 +4.3 287.5 281.7 18,354

Dec 290.0 +0.0 291.8 283.7 600,13,941

Jan 291.8 +0.0 293.5 285.3 15,211

Feb 293.5 +0.0 295.2 287.5 21,14,988

Total 21,421,286,159

PLATINUM COMEX (500 Troy oz. Silver)

Sett. Day's price change High Low Vol Open

Oct 370.1 +0.2 371.8 362.5 957,9,734

Nov 371.1 +0.2 373.0 365.0 131,1,185

Dec 372.1 +0.2 - 2

Jan 372.1 +0.2 - 2

Feb 372.1 +0.2 - 2

Total 1,008,109

PALLADIUM COMEX (100 Troy oz. Silver)

Sett. Day's price change High Low Vol Open

Oct 286.30 +4.30 286.50 279.00 143,302

Nov 284.80 +4.80 286.00 278.00 450,2,140

Dec 282.30 +4.80 - 300

Jan 282.30 +4.80 - 300

Feb 282.30 +4.80 - 300

Total 800,278

SILVER COMEX (100 Troy oz. Silver)

Sett. Day's price change High Low Vol Open

Oct 488.8 +11.0 490.0 472.0 1,273,2,385

Nov 485.0 +11.0 500.0 475.0 9,012,57,132

Dec 485.0 +11.0 - 1.39

Jan 485.0 +11.0 - 1.39

Feb 485.0 +11.0 - 1.39

Total 228,878

NICKEL COMEX (100,000 lbs)

Sett. Day's price change High Low Vol Open

Oct 502.8 +10.3 - 28,2,561

Nov 502.8 +10.3 - 28,2,561

Dec 502.8 +10.3 - 28,2,561

Jan 502.8 +10.3 - 28,2,561

Feb 502.8 +10.3 - 28,2,561

Total 10,652,78,638

ENERGY

CRUDE OIL COMEX (1,000 barrels, Standard)

Sett. Day's price change High Low Vol Open

Oct 14.4 +0.1 14.5 13.2 12,771,31,336

Nov 14.4 +0.1 14.5 13.2 12,771,31,336

Dec 14.4 +0.1 14.5 13.2 12,771,31,336

Jan 14.4 +0.1 14.5 13.2 12,771,31,336

Feb 14.4 +0.1 14.5 13.2 12,771,31,336

Total 10,652,78,638

HEATING OIL COMEX (42,000 US gal. 42° API)

Sett. Day's price change High Low Vol Open

Oct 38.90 +1.54 39.55 38.00 16,849,50,319

Nov 38.90 +1.54 39.55 38.00 16,849,50,319

Dec 38.90 +1.54 39.55 38.00 16,849,50,319

Jan 38.90 +1.54 39.55 38.00 16,849,50,319

Feb 38.90 +1.54 39.55 38.00 16,849,50,319

Total 34,328,53,254

GRAINS AND OIL SEEDS

WHEAT COMEX (5,000 bushels, Standard)

Sett. Day's price change High Low Vol Open

Sep 70.75 +0.25 71.00 70.00 36,3,170

Oct 72.40 +0.20 72.60 72.40 36,3,170

Nov 74.00 +0.20 74.20 74.00 36,3,170

Dec 75.00 +0.20 75.20 75.00 36,3,170

Jan 76.00 +0.20 76.20 76.00 36,3,170

Feb 77.00 +0.20 77.20 77.00 36,3,170

Total 214,286,159

WHEAT COMEX (5,000 bushels, Standard)

Sett. Day's price change High Low Vol Open

Sep 24.25 +0.25 24.50 24.25 6,070,4,778

Oct 25.50 +0.25 25.75 25.50 18,354,14,988

Nov 27.50 +0.25 27.75 27.50 2,462,34,056

Dec 28.00 +0.25 28.25 28.00 1,788,4,360

Jan 29.50 +0.25 29.75 29.50 1,120,2,595

Feb 30.25 +0.25 30.50 30.25 162,395

Total 128,123,980

MAIZE COMEX (5,000 bushels, Standard)

Sett. Day's price change High Low Vol Open

Sep 185.50 +0.25 185.75 185.50 11,289

Oct 186.00 +0.25 186.25 186.00 11,289

Nov 186.50 +0.25 186.75 186.50 11,289

Dec 187.00 +0.25 187.25 187.00 11,289

Jan 187.50 +0.25 187.75 187.50 11,289

Feb 188.00 +0.25 188.25 188.00 11,289

Total 66,072,31,336

BARLEY COMEX (5,000 bushels, Standard)

Sett. Day's price change High Low Vol Open

Offshore Funds and Insurances

FT Offshore Unit Trust Prices are available over the telephone. Call the FT Offshore Help Desk on (+44 171) 873 4378 for more details.

FT MANAGED FUNDS SERVICE

Bank of America & Co AG				FT Global				Mercury Asset Management - Contd.				ACM Offshore Funds - Contd.				Credit Suisse Asset Management - Contd.				Merrill Lynch Asset Management - Contd.				US AG - Contd.				Friends Provident International			
Unit	Price	Change	% Chg	Unit	Price	Change	% Chg	Unit	Price	Change	% Chg	Unit	Price	Change	% Chg	Unit	Price	Change	% Chg	Unit	Price	Change	% Chg	Unit	Price	Change	% Chg	Unit	Price	Change	% Chg
Bank of America & Co AG	0.00	0.00	0.00	FT Global	0.00	0.00	0.00	Mercury Asset Management - Contd.	0.00	0.00	0.00	ACM Offshore Funds - Contd.	0.00	0.00	0.00	Credit Suisse Asset Management - Contd.	0.00	0.00	0.00	Merrill Lynch Asset Management - Contd.	0.00	0.00	0.00	US AG - Contd.	0.00	0.00	0.00	Friends Provident International	0.00	0.00	0.00

LUXEMBOURG (REGULATED)**

ACM Offshore Funds

Credit Suisse Asset Management

Merrill Lynch Asset Management

US AG

Friends Provident International

Offshore Insurances

Aberdeen International Ltd

Allstate Insurance Co Ltd

Allstate Insurance Co Ltd

Allstate Insurance Co Ltd

Allstate Insurance Co Ltd

Allstate Insurance Co Ltd

Allstate Insurance Co Ltd

Allstate Insurance Co Ltd

Allstate Insurance Co Ltd

Allstate Insurance Co Ltd

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

● FT Croyline Unit Trust Prices are available over the telephone. Call the FT Croyline Help Desk on (+44 171) 873 4378 for more details.

[illegible]

ALCOHOLIC BEVERAGES

RANKS RETAIN

BREWERIES, PUBS & REST

BUILDING MATS. & MERCHANTS

MEMBERS

Years 21

CONSTRUCTION - Continued

Verizon Company 415

Young HH #1 115-2 1

AT Micro _____
Aduna _____
Journal _____

Design	2
Estimate Tech.	2
Estimate	2

ENGINEERING - Continued

2000 _____

2001 _____

2002 _____

2003 _____

2004 _____

2005 _____

2006 _____

2007 _____

2008 _____

2009 _____

2010 _____

2011 _____

2012 _____

2013 _____

2014 _____

2015 _____

2016 _____

2017 _____

2018 _____

2019 _____

2020 _____

2021 _____

2022 _____

2023 _____

2024 _____

2025 _____

2026 _____

2027 _____

2028 _____

2029 _____

2030 _____

2031 _____

2032 _____

2033 _____

2034 _____

2035 _____

2036 _____

2037 _____

2038 _____

2039 _____

2040 _____

2041 _____

2042 _____

2043 _____

2044 _____

2045 _____

2046 _____

2047 _____

2048 _____

2049 _____

2050 _____

2051 _____

2052 _____

2053 _____

2054 _____

2055 _____

2056 _____

2057 _____

2058 _____

2059 _____

2060 _____

2061 _____

2062 _____

2063 _____

2064 _____

2065 _____

2066 _____

2067 _____

2068 _____

2069 _____

2070 _____

2071 _____

2072 _____

2073 _____

2074 _____

2075 _____

2076 _____

2077 _____

2078 _____

2079 _____

2080 _____

2081 _____

2082 _____

2083 _____

2084 _____

2085 _____

2086 _____

2087 _____

2088 _____

2089 _____

2090 _____

2091 _____

2092 _____

2093 _____

2094 _____

2095 _____

2096 _____

2097 _____

2098 _____

2099 _____

2100 _____

2101 _____

2102 _____

2103 _____

2104 _____

2105 _____

2106 _____

2107 _____

2108 _____

2109 _____

2110 _____

2111 _____

2112 _____

2113 _____

2114 _____

2115 _____

2116 _____

2117 _____

2118 _____

2119 _____

2120 _____

2121 _____

2122 _____

2123 _____

2124 _____

2125 _____

2126 _____

2127 _____

2128 _____

2129 _____

2130 _____

2131 _____

2132 _____

2133 _____

2134 _____

2135 _____

2136 _____

2137 _____

2138 _____

2139 _____

2140 _____

2141 _____

2142 _____

2143 _____

2144 _____

2145 _____

2146 _____

2147 _____

2148 _____

2149 _____

2150 _____

2151 _____

2152 _____

2153 _____

2154 _____

2155 _____

2156 _____

2157 _____

2158 _____

2159 _____

2160 _____

2161 _____

2162 _____

2163 _____

2164 _____

2165 _____

2166 _____

2167 _____

2168 _____

2169 _____

2170 _____

2171 _____

2172 _____

2173 _____

2174 _____

2175 _____

2176 _____

2177 _____

2178 _____

2179 _____

2180 _____

2181 _____

2182 _____

2183 _____

2184 _____

2185 _____

2186 _____

2187 _____

2188 _____

2189 _____

2190 _____

2191 _____

2192 _____

2193 _____

2194 _____

2195 _____

2196 _____

2197 _____

2198 _____

2199 _____

2200 _____

2201 _____

2202 _____

2203 _____

2204 _____

2205 _____

2206 _____

2207 _____

2208 _____

2209 _____

2210 _____

2211 _____

2212 _____

2213 _____

2214 _____

2215 _____

2216 _____

2217 _____

2218 _____

2219 _____

2220 _____

2221 _____

2222 _____

2223 _____

2224 _____

2225 _____

2226 _____

2227 _____

2228 _____

2229 _____

2230 _____

2231 _____

2232 _____

2233 _____

2234 _____

2235 _____

2236 _____

2237 _____

2238 _____

2239 _____

2240 _____

2241 _____

2242 _____

2243 _____

2244 _____

2245 _____

2246 _____

2247 _____

2248 _____

2249 _____

2250 _____

2251 _____

2252 _____

2253 _____

2254 _____

2255 _____

2256 _____

2257 _____

2258 _____

2259 _____

2260 _____

2261 _____

2262 _____

2263 _____

2264 _____

2265 _____

2266 _____

2267 _____

2268 _____

2269 _____

2270 _____

2271 _____

2272 _____

21
59
-212
81

Cost	28.4	-1
Felto	27.3	-7
Felto	27.3	-7

FIRED PRODUCERS - Continued

Warren	276
Dairy Crest Grp	276
Remondis	276

1000

Trwell Parkes	34	187
Trwell Parkes	35	188

and _____
New York _____

INSURANCE - Continued

New London Cap.	79 1/2
Oriskany	79 1/2

London Group	2	282
London Int. Gr.	20	180 1/2

2010
Cot Ent. 2010

3600 TR Pacific 36

INVESTMENT TRUSTS - Combined

MURPHY

Options in CO	1025	-25
Assets & Income	1225	-15
Assets	1250	-15

Zero Day Pl	147	150
Steam loc	104	22

Caro Div Pref	73	74
Miller Extra Inc	120	15

Announcing the internet's most comprehensive source of ADR financial information for investors, issuers, and brokers

adr.com

JPMorgan

1. *Journal of Management Studies*, 1997, 34, 1, 1-14.

INV TRUSTS SPLIT CAPITAL

Account	Price	20	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95	100	105	110	115	120	125	130	135	140	145	150	155	160	165	170	175	180	185	190	195	200	205	210	215	220	225	230	235	240	245	250	255	260	265	270	275	280	285	290	295	300	305	310	315	320	325	330	335	340	345	350	355	360	365	370	375	380	385	390	395	400	405	410	415	420	425	430	435	440	445	450	455	460	465	470	475	480	485	490	495	500	505	510	515	520	525	530	535	540	545	550	555	560	565	570	575	580	585	590	595	600	605	610	615	620	625	630	635	640	645	650	655	660	665	670	675	680	685	690	695	700	705	710	715	720	725	730	735	740	745	750	755	760	765	770	775	780	785	790	795	800	805	810	815	820	825	830	835	840	845	850	855	860	865	870	875	880	885	890	895	900	905	910	915	920	925	930	935	940	945	950	955	960	965	970	975	980	985	990	995	1000
Account	Price	20	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95	100	105	110	115	120	125	130	135	140	145	150	155	160	165	170	175	180	185	190	195	200	205	210	215	220	225	230	235	240	245	250	255	260	265	270	275	280	285	290	295	300	305	310	315	320	325	330	335	340	345	350	355	360	365	370	375	380	385	390	395	400	405	410	415	420	425	430	435	440	445	450	455	460	465	470	475	480	485	490	495	500	505	510	515	520	525	530	535	540	545	550	555	560	565	570	575	580	585	590	595	600	605	610	615	620	625	630	635	640	645	650	655	660	665	670	675	680	685	690	695	700	705	710	715	720	725	730	735	740	745	750	755	760	765	770	775	780	785	790	795	800	805	810	815	820	825	830	835	840	845	850	855	860	865	870	875	880	885	890	895	900	905	910	915	920	925	930	935	940	945	950	955	960	965	970	975	980	985	990	995	1000
Account	Price	20	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95	100	105	110	115	120	125	130	135	140	145	150	155	160	165	170	175	180	185	190	195	200	205	210	215	220	225	230	235	240	245	250	255	260	265	270	275	280	285	290	295	300	305	310	315	320	325	330	335	340	345	350	355	360	365	370	375	380	385	390	395	400	405	410	415	420	425	430	435	440	445	450	455	460	465	470	475	480	485	490	495	500	505	510	515	520	525	530	535	540	545	550	555	560	565	570	575	580	585	590	595	600	605	610	615	620	625	630	635	640	645	650	655	660	665	670	675	680	685	690	695	700	705	710	715	720	725	730	735	740	745	750	755	760	765	770	775	780	785	790	795	800	805	810	815	820	825	830	835	840	845	850	855	860	865	870	875	880	885	890	895	900	905	910	915	920	925	930	935	940	945	950	955	960	965	970	975	980	985	990	995	1000
Account	Price	20	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95	100	105	110	115	120	125	130	135	140	145	150	155	160	165	170	175	180	185	190	195	200	205	210	215	220	225	230	235	240	245	250	255	260	265	270	275	280	285	290	295	300	305	310	315	320	325	330	335	340	345	350	355	360	365	370	375	380	385	390	395	400	405	410	415	420	425	430	435	440	445	450	455	460	465	470	475	480	485	490	495	500	505	510	515	520	525	530	535	540	545	550	555	560	565	570	575	580	585	590	595	600	605	610	615	620	625	630	635	640	645	650	655	660	665	670	675	680	685	690	695	700	705	710	715	720	725	730	735	740	745	750	755	760	765	770	775	780	785	790	795	800	805	810	815	820	825	830	835	840	845	850	855	860	865	870	875	880	885	890	895	900	905	910	915	920	925	930	935	940	945	950	955	960	965	970	975	980	985	990	995	1000
Account	Price	20	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95	100	105	110	115	120	125	130	135	140	145	150	155	160	165	170	175	180	185	190	195	200	205	210	215	220	225	230	235	240	245	250	255	260	265	270	275	280	285	290	295	300	305	310	315	320	325	330	335	340	345	350	355	360	365	370	375	380	385	390	395	400	405	410	415	420	425	430	435	440	445	450	455	460	465	470	475	480	485	490	495	500	505	510	515	520	525	530	535	540	545	550	555	560	565	570	575	580	585	590	595	600	605	610	615	620	625	630	635	640	645	650	655	660	665	670	675	680	685	690	695	700	705	710	715	720	725	730	735	740	745	750	755	760	765	770	775	780	785	790	795	800	805	810	815	820	825	830	835	840	845	850	855	860	865	870	875	880	885	890	895	900	905	910	915	920	925	930	935	940	945	950	955	960	965	970	975	980	985	990	995	1000
Account	Price	20	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95	100	105	110	115	120	125	130	135	140	145	150	155	160	165	170	175	180	185	190	195	200	205	210	215	220	225	230	235	240	245	250	255	260	265	270	275	280	285	290	295	300	305	310	315	320	325	330	335	340	345	350	355	360	365	370	375	380	385	390	395	400	405	410	415	420	425	430	435	440	445	450	455	460	465	470	475	480	485	490	495	500	505	510	515	520	525	530	535	540	545	550	555	560	565	570	575	580	585	590	595	600	605	610	615	620	625	630	635	640	645	650	655	660	665	670	675	680	685	690	695	700	705	710	715	720	725	730	735	740	745	750	755	760	765	770	775	780	785	790	795	800	805	810	815	820	825	830	835	840	845	850	855	860	865	870	875	880	885	890	895	900	905	910	915	920	925	930	935	940	945	950	955	960	965	970	975	980	985	990	995	1000
Account	Price	20	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95	100	105	110	115	120	125	130	135	140	145	150	155	160	165	170	175	180	185	190	195	200	205	210	215	220	225	230	235	240	245	250	255	260	265	270	275	280	285	290	295	300	305	310	315	320	325	330	335	340	345	350	355	360	365	370	375	380	385	390	395	400	405	410	415	420	425	430	435	440	445	450	455	460	465	470	475	480	485	490	495	500	505	510	515	520	525	530	535	540	545	550	555	560	565	570	575	580	585	590	595	600	605	610	615	620	625	630	635	640	645	650	655	660	665	670	675	680	685	690	695	700	705	710	715	720	725	730	735	740	745	750	755	760	765	770	775	780	785	790	795	800	805	810	815	820	825	830	835	840	845	850	855	860	865	870	875	880	885	890	895	900	905	910	915	920	925	930	935	940	945	950	955	960	965	970	975	980	985	990	995	1000
Account	Price	20	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95	100	105	110	115	120	125	130	135	140	145	150	155	160	165	170	175	180	185	190	195	200	205	210	215	220	225	230	235	240	245	250	255	260	265	270	275	280	285	290	295	300	305	310	315	320	325	330	335	340	345	350	355	360	365	370	375	380	385	390	395	400	405	410	415	420	425	430	435	440	445	450	455	460	465	470	475	480	485	490	495	500	505	510	515	520	525	530	535	540	545	550	555	560	565	570	575	580	585	590	595	600	605	610	615	620	625	630	635	640	645	650	655	660	665	670	675	680	685	690	695	700	705	710	715	720	725	730	735	740	745	750	755	760	765	770	775	780	785	790	795	800	805	810	815	820	825	830	835	840	845	850	855																													

LONDON STOCK EXCHANGE

Equity rally halted as Footsie tumbles 117 points

MARKET REPORT

By Steve Thompson,
UK Stock Market Editor

Wednesday's rally in UK stocks proved disappointingly short-lived as London's equity market moved decisively back on to the downside track.

There were no fresh factors behind yesterday's widespread retreat by UK stocks, simply a herd-like following from Wall Street's disturbing late sell-off and a continuation of the weakness of American markets at the outset yesterday.

There was no massive sell-off on Wall Street overnight. Rather it was the about-turn from strength to moderate weakness - the Dow Jones Industrial Average finished only 45 points down having been up three figures and more - that unmoved global markets.

Once they had lost their collective nerves, the markets fed on the increasing unease. Most of the Asian markets fell only modestly, with Tokyo down less than one per cent and Hong Kong even less. But European bourses had to cope with hefty losses, especially

Frankfurt and Paris. Wall Street's continuing weakness at the outset yesterday - it dropped another 100 points during the afternoon - did nothing to calm nerves.

There were continuing suggestions from market-makers and brokers that London was seeing a further taste of switching manoeuvres by domestic and overseas funds, out of equities and into gilts.

But turnover levels, at least in equities, were never more than run of the mill and fixed interest traders said there was no substan-

tial shift into gilts. Rather, they said, a good performance by gilts was due to a rather depressed service sector survey.

Even more disappointing as far as the equity market was concerned, was the poor response by stock prices to the latest slide in sterling against most currencies, although not the dollar. The Bank of England's trade-weighted index fell a further 0.6 to 104.4, extending the decline over the past three sessions to 1.6.

At the close, the FTSE 100 was 117.1 lower at 5,118.7, its fifth decline in the past six

sessions and its fourth three-figure loss in that period.

At its worst the index fell back through the 5,100 level, hitting 5,089.3, down 146.5, and there were real concerns among traders that the psychologically important 5,000 level was about to be tested. Market-makers said the 5,100 level was well defended. "The institutions moved in and bought the market quite aggressively then," said one, who insisted a move below 5,000 could produce a serious burst of selling from small investors, unused to bear markets.

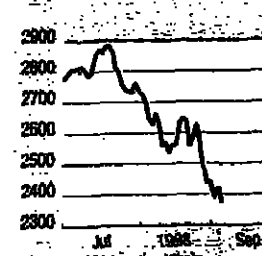
Second-line and smallcap

stocks were also given a thorough shaking, the FTSE 250 index dropping below the 4,700 level to finish a net 68.2 lower at 4,648.3, and the FTSE SmallCap index relinquishing 13.1 at 2,068.3.

There was another flight to safety in the leaders, with food retailers, traditionally a safe haven in turbulent markets, being pushed by Credit Lyonnais Securities.

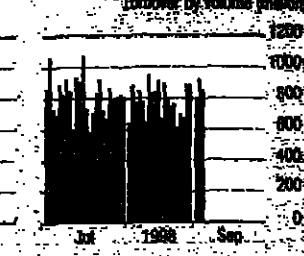
And the possibility that a cut in UK interest rates may now come much earlier than previously expected was a help to housebuilders. Turnover at 8pm was 850.2m shares.

FTSE All-Share Index



Source: FTSE International

Equity market trading



Indices and ratios

FTSE 100	5118.7	-117.1	FT 30	3288.7	-76.3
FTSE 250	4648.3	-68.2	FTSE 100/FT 30	156.0	-0.4
FTSE 100/FT 250	110.1	-0.2	10 yr Gilt yield	5.48	0.01
FTSE All-Share	2068.3	-13.1	Long gilts/yield ratio	1.82	0.06
FTSE All-Share yield	3.24	0.02			

Best performing sectors

1 Property	+0.3
2 Extractive Inds	+0.0
3 Consumer Goods	-0.1
4 Pharmaceuticals	-0.2
5 Leisure & Hotels	-0.3

Worst performing sectors

1 Oil Exploration	-0.5
2 Banks/Finance	-0.4
3 Chemicals	-0.3
4 Food Producers	-0.2
5 Telecom	-0.1

Builders rise on rate hope

COMPANIES REPORT

By Martin Brice and Joel Kilzow

Hints of a change in sentiment towards the housebuilders seemed finally to arrive as shareholders digested the implications of a run of positive results from the sector.

The shares were also said to have benefited from a growing belief among investors that the UK interest rate cycle had peaked, and the next move in interest rates would be down.

One analyst said: "It is usually a good time to buy building stocks when the collective wisdom is that interest rates are more likely to go down than up."

George Wimpey was up 3 at 103p as it said that Fidelity, the big US investment fund, had bought 3.6m shares, or 1 per cent. This took its stake to 7 per cent.

Persimmon, which reported on Tuesday, was up 3 at 155p.

Mark Hake, analyst at Merrill Lynch, said: "Results so far have generally matched or beaten expectations and managements have looked forward with a fair degree of confidence. We may well be past the worst for the sector."

Bryant was in demand

ahead of final figures on Monday that are expected to produce a pre-tax advance of up to 32 per cent. The stock touched 155p this year but, along with others in the sector, has come under pressure on fears of the impact of a series of interest rate rises. They rose 3 1/4 yesterday to 5 1/2.

Housebuilding analysts have been saying for some time that stocks in their sector have been too cheap. Some of the companies have been trading on price/earnings ratios of just 6 or 8 times, about half that of the rest of the market.

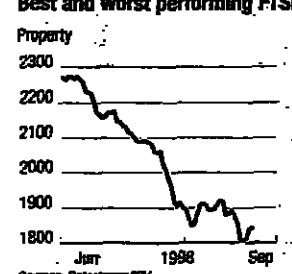
News from Marley that its

share buyback was worth more than 11p a share prompted a rise of just 2 to 84p. One analyst explained the difference between the two by saying: "Marley is the Millwall of the building sector. Nobody likes them and they don't care."

David Taylor at Teather & Greenwood said: "There is a great degree of self-delusion at Marley. The company says it has conducted a strategic review but it has decided to carry on doing all the things it was doing before, and give shareholders some money back."

Bargain hunters helped

Best and worst performing FTSE sectors



International the best performing stock in the FTSE 100. The shares jumped 38p or 8.4 per cent to 470p.

Charterhouse Tilney rates the stock "our key buy" and in a note published yesterday said worries about senior management changes "are understandable but not overriding".

"We believe medium to long-term earnings growth will at least match, and very probably exceed, market earnings growth," said Charterhouse's media team.

In contrast Enterprise Oil was the worst-performing FTSE 100 stock yesterday as analysts considered the prospect of a hefty cut in the oil exploration and production company's final dividend if the current weakness in the oil price continues.

The concerns came after Enterprise warned with the publication of interim figures that falling oil prices, and the consequent cut in profitability would lead to a review of dividend policy by the end of the year.

Dealers said sentiment in the stock had been further weakened by fears that the company may soon be on the

acquisition trail. And yesterday's dismal stock price performance was seen as the final nail in the coffin of its reign in the FTSE 100.

Next Wednesday brings the third-quarter review of FTSE 100 constituents, changes of which will be announced after the market close. They will be implemented on September 21.

Lasmo, too, is expected to lose its place in the elite index. Its shares dropped 5 to 154p.

Taste for retailers

An encouraging monthly survey from Taylor Nelson Sofres, the UK's largest market research company, combined with a broker's recommendation to boost the food retailers.

Credit Lyonnais Securities recently moved its stance on the sector to overweight. In a note to clients, analyst Paul Smiddy said: "We believe that the sector has further to run on the back of its safe haven status."

The broker's two main buys in the sector are Tesco and Sainsbury. Shares in the former followed the market trend easing 6 1/4 to 173 1/4p, in trade of 13m.

Mr Smiddy gave two reasons for favouring the sector. "It remains the UK company closest to approaching the (more highly rated) European model and the forecast downgrades to account for demand softening in the second half have been put in

place. Funds that have been reluctant to move into Tesco on a high rating can now correct the mistake."

Sainsbury was one of the best performers in the FTSE 100 as the shares hardened 11 to 330p. Credit Lyonnais said: "If market forecasts are not met this year, the rise in take-out hopes will be substantial."

Mr Smiddy also advised a switch out of J Sainsbury which fell 10 1/2 to 354p and into Tesco and Sainsbury.

Turnover of 842m made Shell the busiest stock on the market reflected on the widely expected news that Royal Dutch/Shell and Texaco of the US had agreed to pool most of their European refining assets.

Shell will have 88 per cent of the proposed joint venture which will give it a leading retail position.

The UK's biggest venture capital provider 3i was a strong performer for much of the session after a broker reiterated a "strong buy" recommendation.

Having been the best performing FTSE 100 stock on several occasions during the session, the shares finally succumbed to a late slide that left them 15 off at 509p.

The team at CSEB suggest there is 55 per cent upside in the share price from current levels and set a price target of between 675p and 700p.

Nick Roditi, one of the leading fund managers for George Soros, took on the entire £10m of new shares issued by Plantation & General Investments in its placing and open offer.

This took his stake in the African hand tools and trading company to 65 per cent, pending applications for the shares from other shareholders.

It also reported an 83 per cent pre-tax profit rise but warned that the coffee crop could be 15 per cent below last year. The shares rose a penny to 58p.

FUTURES AND OPTIONS

FTSE 100 INDEX FUTURES (LFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	5170.0	5108.0	-122.0	5207.0	5094.0	30805	16270
Dec	5239.0	5177.0	-124.5	5270.0	5172.0	3050	3407
Mar		5257.0	-129.0				

FTSE 250 INDEX FUTURES (LFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	4715.0	4650.5	-64.5	4715.0	4710.5	1205	4539
Dec	4770.0	4710.5	-59.5	4770.0	4710.5	1635	2213

FTSE 100 INDEX OPTION (LFFE) £10 per full index point

	4000	4500	5000	5500	6000	6500	7000	7500	8000
C	1020	1020	1020	1020	1020	1020	1020	1020	1020
P	1020	1020	1020	1020	1020	1020	1020	1020	1020

FTSE 100 INDEX OPTION (LFFE) £10 per full index point

	4000	4500	5000	5500	6000	6500	7000	7500	8000
C	1020	1020	1020	1020	1020	1020	1020	1020	1020
P	1020	1020	1020	1020	1020	1020	1020	1020	1020

FTSE 100 INDEX OPTION (LFFE) £10 per full index point

	4000	4500	5000	5500	6000	6500	7000	7500	8000
C	1020	1020	1020	1020	1020	1020	1020	1020	1020
P	1020	1020	1020	1020	1020	1020	1020	1020	1020

FTSE 100 INDEX OPTION (LFFE) £10 per full index point

	4000	4500	5000	5500	6000	6500	7000	7500	8000
C	1020	1020	1020	1020	1020	1020	1020	1020	1020
P	1020	1020	1020	1020	1020	1020	1020	1020	1020

FTSE 100 INDEX OPTION (LFFE) £10 per full index point

	4000	4500	5000	5500	6000	6500	7000	7500	8000
C	1020	1020	1020	1020	1020	1020	1020	1020	1020
P	1020	1020	1020	1020	1020	1020	1020	1020	1020

FTSE 100 INDEX OPTION (LFFE) £10 per full index point

	4000	4500	5000	5500	6000	6500	7000	7500	8000
C	1020	1020	1020	1020	1020	1020	1020	1020	1020
P	1020	1020	1020	1020	1020	1020	1020	1020	1020

FTSE 100 INDEX OPTION (LFFE) £10 per full index point

	4000	4500	5000	5500	6000	6500	7000	7500	8000
C	1020	1020	1020	1020	1020	1020	1020	1020	1020
P	1020	1020	1020	1020	1020	1020	1020	1020	1020

FTSE 100 INDEX OPTION (LFFE) £10 per full index point

	4000	4500	5000	5500	6000	6500	7000	7500	8000
C	1020	1020	1020	1020	1020	1020	1020	1020	1020
P	1020	1020	1020	1020	1020	1020	1020	1020	1020

FTSE 100 INDEX OPTION (LFFE) £10 per full index point

	4000	4500	5000	5500	6000	6500	7000	7500	8000
C	1020	1020	1020	1020	1020	1020	1020	1020	1020
P	1020	1020	1020	1020	1020	1020	1020	1020	1020

FTSE 100 INDEX OPTION (LFFE) £10 per full index point

	4000	4500	5000	5500	6000	6500	7000	7500	8000
C	1020	1020	1020	1020	1020	1020	1020	1020	1020
P	1020	1020	1020	1020	1020	1020	1020	1020	1020

FTSE 100 INDEX OPTION (LFFE) £10 per full index point

	4000	4500	5000	5500	6000	6500	7000	7500	8000
C	1020	1020	1020	1020	1020	1020	1020	1020	1020
P	1020	1020	1020	1020	1020	1020	1020	1020	1020

FTSE 100 INDEX OPTION (LFFE) £10 per full index point

	4000	4500	5000	5500	6000	6500	7000	7500	8000
C	1020	1020	1020	1020	1020	1020	1020	1020	1020
P	1020	1020	1020	1020	1020	1020	1020	1020	1020

FTSE 100 INDEX OPTION (LFFE) £10 per full index point

	4000	4500	5000	5500	6000	6500	7000	7500	8000
C	1020	1020	1020	1020	1020	1020	1020	1020	1020
P	1020	1020	1020	1020	1020	1020	1020	1020	1020

FTSE 100 INDEX OPTION (LFFE) £10 per full index point

	4000	4500	5000	5500	6000	6500	7000	7500	8000
C	1020	1020	1020	1020	1020	1020	1020	1020	1020
P	1020	1020	1020	1020	1020	1020	1020	1020	1020

FTSE 100 INDEX OPTION (LFFE) £10 per full index point

	4000	4500	5000	5500	6000	6500	7000	7500	8000
C	1020	1020	1020	1020	1020	1020	1020	1020	1020
P	1020	1020	1020	1020	1020	1020	1020	1020	1020

FTSE 100 INDEX OPTION (LFFE) £10 per full index point

	4000	4500	5000	5500	6000	6500	7000	7500	8000
C	1020	1020	1020	1020	1020	1020	1020	1020	1020
P	1020	1020	1020	1020	1020	1020	1020	1020	1020

FTSE 100 INDEX OPTION (LFFE) £10 per full index point

	4000	4500	5000	5500	6000	6500	7000	7500	8000
C	1020	1020	1020	1020	1020	1020	1020	1020	1020
P	1020	1020	1020	1020	1020	1020	1020	1020	1020

FTSE 100 INDEX OPTION (LFFE) £

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Sep 3/Don)

Stock	Price	Change
Alpine	107.50	+0.50
Alpine	107.50	+0.50
Alpine	107.50	+0.50

Belgium (Sep 3/Fri)

Stock	Price	Change
Alpine	107.50	+0.50
Alpine	107.50	+0.50
Alpine	107.50	+0.50

Denmark (Sep 3/Fri)

Stock	Price	Change
Alpine	107.50	+0.50
Alpine	107.50	+0.50
Alpine	107.50	+0.50

France (Sep 3/Fri)

Stock	Price	Change
Alpine	107.50	+0.50
Alpine	107.50	+0.50
Alpine	107.50	+0.50

Germany (Sep 3/Fri)

Stock	Price	Change
Alpine	107.50	+0.50
Alpine	107.50	+0.50
Alpine	107.50	+0.50

Greece (Sep 3/Fri)

Stock	Price	Change
Alpine	107.50	+0.50
Alpine	107.50	+0.50
Alpine	107.50	+0.50

Italy (Sep 3/Fri)

Stock	Price	Change
Alpine	107.50	+0.50
Alpine	107.50	+0.50
Alpine	107.50	+0.50

Netherlands (Sep 3/Fri)

Stock	Price	Change
Alpine	107.50	+0.50
Alpine	107.50	+0.50
Alpine	107.50	+0.50

Spain (Sep 3/Fri)

Stock	Price	Change
Alpine	107.50	+0.50
Alpine	107.50	+0.50
Alpine	107.50	+0.50

Sweden (Sep 3/Fri)

Stock	Price	Change
Alpine	107.50	+0.50
Alpine	107.50	+0.50
Alpine	107.50	+0.50

Switzerland (Sep 3/Fri)

Stock	Price	Change
Alpine	107.50	+0.50
Alpine	107.50	+0.50
Alpine	107.50	+0.50

UK (Sep 3/Fri)

Stock	Price	Change
Alpine	107.50	+0.50
Alpine	107.50	+0.50
Alpine	107.50	+0.50

USA (Sep 3/Fri)

Stock	Price	Change
Alpine	107.50	+0.50
Alpine	107.50	+0.50
Alpine	107.50	+0.50

Japan (Sep 3/Fri)

Stock	Price	Change
Alpine	107.50	+0.50
Alpine	107.50	+0.50
Alpine	107.50	+0.50

South Korea (Sep 3/Fri)

Stock	Price	Change
Alpine	107.50	+0.50
Alpine	107.50	+0.50
Alpine	107.50	+0.50

Taiwan (Sep 3/Fri)

Stock	Price	Change
Alpine	107.50	+0.50
Alpine	107.50	+0.50
Alpine	107.50	+0.50

Thailand (Sep 3/Fri)

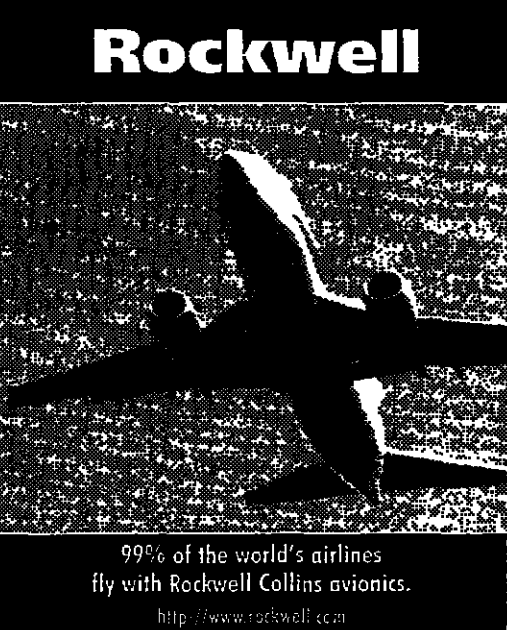
Stock	Price	Change
Alpine	107.50	+0.50
Alpine	107.50	+0.50
Alpine	107.50	+0.50

Philippines (Sep 3/Fri)

Stock	Price	Change
Alpine	107.50	+0.50
Alpine	107.50	+0.50
Alpine	107.50	+0.50

Malaysia (Sep 3/Fri)

Stock	Price	Change
Alpine	107.50	+0.50
Alpine	107.50	+0.50
Alpine	107.50	+0.50



99% of the world's airlines fly with Rockwell Collins avionics.

FT/SP ACTUARIES WORLD INDICES

The FT/SP Actuaries World Indices are compiled by FTSE International and Standard & Poor's. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries.

Index	Value	Change
Australia (7/2)	150.00	+0.50
Austria (2/2)	107.50	+0.50
Belgium (2/2)	107.50	+0.50
Canada (1/2)	107.50	+0.50
Denmark (2/2)	107.50	+0.50
France (2/2)	107.50	+0.50
Germany (2/2)	107.50	+0.50
Greece (2/2)	107.50	+0.50
Italy (2/2)	107.50	+0.50
Netherlands (2/2)	107.50	+0.50
Spain (2/2)	107.50	+0.50
Sweden (2/2)	107.50	+0.50
Switzerland (2/2)	107.50	+0.50
UK (2/2)	107.50	+0.50
USA (2/2)	107.50	+0.50
Japan (2/2)	107.50	+0.50
South Korea (2/2)	107.50	+0.50
Taiwan (2/2)	107.50	+0.50
Thailand (2/2)	107.50	+0.50
Philippines (2/2)	107.50	+0.50
Malaysia (2/2)	107.50	+0.50

Emerging markets:

IFC investable indices

Index	Value	Change
Australia (7/2)	150.00	+0.50
Austria (2/2)	107.50	+0.50
Belgium (2/2)	107.50	+0.50
Canada (1/2)	107.50	+0.50
Denmark (2/2)	107.50	+0.50
France (2/2)	107.50	+0.50
Germany (2/2)	107.50	+0.50
Greece (2/2)	107.50	+0.50
Italy (2/2)	107.50	+0.50
Netherlands (2/2)	107.50	+0.50
Spain (2/2)	107.50	+0.50
Sweden (2/2)	107.50	+0.50
Switzerland (2/2)	107.50	+0.50
UK (2/2)	107.50	+0.50
USA (2/2)	107.50	+0.50
Japan (2/2)	107.50	+0.50
South Korea (2/2)	107.50	+0.50
Taiwan (2/2)	107.50	+0.50
Thailand (2/2)	107.50	+0.50
Philippines (2/2)	107.50	+0.50
Malaysia (2/2)	107.50	+0.50

AFRICA

IFC investable indices

Index	Value	Change
Australia (7/2)	150.00	+0.50
Austria (2/2)	107.50	+0.50
Belgium (2/2)	107.50	+0.50
Canada (1/2)	107.50	+0.50
Denmark (2/2)	107.50	+0.50
France (2/2)	107.50	+0.50
Germany (2/2)	107.50	+0.50
Greece (2/2)	107.50	+0.50
Italy (2/2)	107.50	+0.50
Netherlands (2/2)	107.50	+0.50
Spain (2/2)	107.50	+0.50
Sweden (2/2)	107.50	+0.50
Switzerland (2/2)	107.50	+0.50
UK (2/2)	107.50	+0.50
USA (2/2)	107.50	+0.50
Japan (2/2)	107.50	+0.50
South Korea (2/2)	107.50	+0.50
Taiwan (2/2)	107.50	+0.50
Thailand (2/2)	107.50	+0.50
Philippines (2/2)	107.50	+0.50
Malaysia (2/2)	107.50	+0.50

AMERICAS

IFC investable indices

Index	Value	Change
Australia (7/2)	150.00	+0.50
Austria (2/2)	107.50	+0.50
Belgium (2/2)	107.50	+0.50
Canada (1/2)	107.50	+0.50
Denmark (2/2)	107.50	+0.50
France (2/2)	107.50	+0.50
Germany (2/2)	107.50	+0.50
Greece (2/2)	107.50	+0.50
Italy (2/2)	107.50	+0.50
Netherlands (2/2)	107.50	+0.50
Spain (2/2)	107.50	+0.50
Sweden (2/2)	107.50	+0.50
Switzerland (2/2)	107.50	+0.50
UK (2/2)	107.50	+0.50
USA (2/2)	107.50	+0.50
Japan (2/2)	107.50	+0.50
South Korea (2/2)	107.50	+0.50
Taiwan (2/2)	107.50	+0.50
Thailand (2/2)	107.50	+0.50
Philippines (2/2)	107.50	+0.50
Malaysia (2/2)	107.50	+0.50

- X - Y - Z -

1011	8th Street	1.44	16	75	1497	864	564	564	564
1012	4125 2nd Ave								
2014	2nd Vesper Ave			15	58	74	77	77	77
2015	2nd Vesper Ave			15	58	74	77	77	77
2016	2nd Vesper Ave			15	58	74	77	77	77
2017	2nd Vesper Ave			15	58	74	77	77	77
2018	2nd Vesper Ave			15	58	74	77	77	77
2019	2nd Vesper Ave			15	58	74	77	77	77
2020	2nd Vesper Ave			15	58	74	77	77	77
2021	2nd Vesper Ave			15	58	74	77	77	77
2022	2nd Vesper Ave			15	58	74	77	77	77
2023	2nd Vesper Ave			15	58	74	77	77	77
2024	2nd Vesper Ave			15	58	74	77	77	77
2025	2nd Vesper Ave			15	58	74	77	77	77
2026	2nd Vesper Ave			15	58	74	77	77	77
2027	2nd Vesper Ave			15	58	74	77	77	77
2028	2nd Vesper Ave			15	58	74	77	77	77
2029	2nd Vesper Ave			15	58	74	77	77	77
2030	2nd Vesper Ave			15	58	74	77	77	77
2031	2nd Vesper Ave			15	58	74	77	77	77
2032	2nd Vesper Ave			15	58	74	77	77	77
2033	2nd Vesper Ave			15	58	74	77	77	77
2034	2nd Vesper Ave			15	58	74	77	77	77
2035	2nd Vesper Ave			15	58	74	77	77	77
2036	2nd Vesper Ave			15	58	74	77	77	77
2037	2nd Vesper Ave			15	58	74	77	77	77
2038	2nd Vesper Ave			15	58	74	77	77	77
2039	2nd Vesper Ave			15	58	74	77	77	77
2040	2nd Vesper Ave			15	58	74	77	77	77
2041	2nd Vesper Ave			15	58	74	77	77	77
2042	2nd Vesper Ave			15	58	74	77	77	77
2043	2nd Vesper Ave			15	58	74	77	77	77
2044	2nd Vesper Ave			15	58	74	77	77	77
2045	2nd Vesper Ave			15	58	74	77	77	77
2046	2nd Vesper Ave			15	58	74	77	77	77
2047	2nd Vesper Ave			15	58	74	77	77	77
2048	2nd Vesper Ave			15	58	74	77	77	77
2049	2nd Vesper Ave			15	58	74	77	77	77
2050	2nd Vesper Ave			15	58	74	77	77	77
2051	2nd Vesper Ave			15	58	74	77	77	77
2052	2nd Vesper Ave			15	58	74	77	77	77
2053	2nd Vesper Ave			15	58	74	77	77	77
2054	2nd Vesper Ave			15	58	74	77	77	77
2055	2nd Vesper Ave			15	58	74	77	77	77
2056	2nd Vesper Ave			15	58	74	77	77	77
2057	2nd Vesper Ave			15	58	74	77	77	77
2058	2nd Vesper Ave			15	58	74	77	77	77
2059	2nd Vesper Ave			15	58	74	77	77	77
2060	2nd Vesper Ave			15	58	74	77	77	77
2061	2nd Vesper Ave			15	58	74	77	77	77
2062	2nd Vesper Ave			15	58	74	77	77	77
2063	2nd Vesper Ave			15	58	74	77	77	77
2064	2nd Vesper Ave			15	58	74	77	77	77
2065	2nd Vesper Ave			15	58	74	77	77	77
2066	2nd Vesper Ave			15	58	74	77	77	77
2067	2nd Vesper Ave			15	58	74	77	77	77
2068	2nd Vesper Ave			15	58	74	77	77	77
2069	2nd Vesper Ave			15	58	74	77	77	77
2070	2nd Vesper Ave			15	58	74	77	77	77
2071	2nd Vesper Ave			15	58	74	77	77	77
2072	2nd Vesper Ave			15	58	74	77	77	77
2073	2nd Vesper Ave			15	58	74	77	77	77
2074	2nd Vesper Ave			15	58	74	77	77	77
2075	2nd Vesper Ave			15	58	74	77	77	77
2076	2nd Vesper Ave			15	58	74	77	77	77
2077	2nd Vesper Ave			15	58	74	77	77	77
2078	2nd Vesper Ave			15	58	74	77	77	77
2079	2nd Vesper Ave			15	58	74	77	77	77
2080	2nd Vesper Ave			15	58	74	77	77	77
2081	2nd Vesper Ave			15	58	74	77	77	77
2082	2nd Vesper Ave			15	58	74	77	77	77
2083	2nd Vesper Ave			15	58	74	77	77	77
2084	2nd Vesper Ave			15	58	74	77	77	77
2085	2nd Vesper Ave			15	58	74	77	77	77
2086	2nd Vesper Ave			15	58	74	77	77	77
2087	2nd Vesper Ave			15	58	74	77	77	77
2088	2nd Vesper Ave			15	58	74	77	77	77
2089	2nd Vesper Ave			15	58	74	77	77	77
2090	2nd Vesper Ave			15	58	74	77	77	77
2091	2nd Vesper Ave			15	58	74	77	77	77
2092	2nd Vesper Ave			15	58	74	77	77	77
2093	2nd Vesper Ave			15	58	74	77	77	77
2094	2nd Vesper Ave			15	58	74	77	77	77
2095	2nd Vesper Ave			15	58	74	77	77	77
2096	2nd Vesper Ave			15	58	74	77	77	77
2097	2nd Vesper Ave			15	58	74	77	77	77
2098	2nd Vesper Ave			15	58	74	77	77	77
2099	2nd Vesper Ave			15	58	74	77	77	77
2100	2nd Vesper Ave			15	58	74	77	77	77

Price data supplied by **Pratt**, part of **FT Information**

Weekly high and low prices for **FTSE** include the period from Jan 1 1988. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low prices of all the constituent shares of the index. The weekly high and low prices for **FTSE** are calculated as the average of the weekly high and low

STOCK MARKETS

More gloom extinguishes midweek rally

WORLD OVERVIEW

The tentative flicker of a rally witnessed late on Tuesday and Wednesday was snuffed out yesterday as investors were reminded of financial problems all round the world, writes Philip Cogan.

Colombia weighed in with a devaluation of the peso on Wednesday, rekindling fears that Latin America might be the region to spark the next phase of the financial crisis.

That was followed by some gloomy corporate news from Japan yesterday. Electronics group Hitachi said it expected to post a loss of ¥250bn in the current year, after taking a ¥160bn restructuring charge. Hitachi, well known in the west for its consumer goods, has had particular problems in the semiconductor business.

Meanwhile, Toa Steel said it would liquidate itself in March next year, with its parent NEK facing losses

of ¥80bn in consequence. Throw in another decline in the yen and there was plenty of evidence that the economic fallout from the Asian and Russian crises was far from over.

"The risk has got to be growing that the global emerging market bear phase is going to have a marked influence - on the margin - to US earnings and this leads one to conclude it is at best a wounded S&P 500 bull market, at worst a terminal

bull market," said Tim Love, SG's global emerging markets strategist. "We remain underweight the emerging market asset class and price generating companies as well as our cash position."

One emerging market, Malaysia, managed a further rally but foreign investors were still struggling to come to terms with the government's capital controls. Many were trying to get clarification of the details but, in

the medium term, the lack of liquidity in the market will pose a particular problem for open-ended funds.

European markets lost most of the gains they made on Wednesday in the face of the global worries, a weaker dollar, which to a nine-month low against the D-Mark, and an early sell-off on Wall Street. The Dow Jones Industrial Average, having finished 50 points lower on Wednesday, lost 100 points by late morning.

The weakness of the US stock market has been seen as dragging down the dollar in recent weeks.

Having peaked at about ¥147 in mid-August and traded at DML81 as recently as last week, the US currency was down to ¥134 and DML72 yesterday.

This could have worrying implications for investors, since the most rapid phase of the equity bull market coincided with the period of dollar strength since 1995.

EMERGING MARKET FOCUS

KL investors head for exit

Malaysia's benchmark index is 70 per cent below its peak before the regional financial crisis began and many shares are trading below their initial offering price. But that has not been enough to tempt investors.

Brokers say investors have continued to call but rarely to place orders. They wanted to be kept informed of developments in order to spot a turning point.

As of this week, however, most foreigners are no longer interested. The government imposed sweeping capital controls restricting foreign investors selling shares from repatriating profits for a year.

"It's basically a jail sentence for your capital," said a foreign strategist, who declined to be named for fear of retribution. "It's kind of spooky out there."

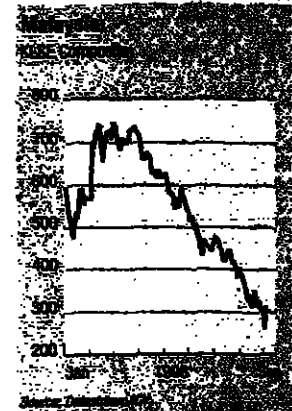
Brokers said foreigners frantically called when the measures were announced, ordering them to sell their shares in a rush to get their money out of the country in a year - if that is how long the government requires - rather than waiting even a year and a day.

"People will take a hard look at Malaysia and ask: 'Do I really have to be in this market?'" said Audrey Ho, head of research at Paribas Asia Equity. "Who knows what they'll do next."

But many locals are not waiting to find out. The capital controls also require the billions of ringgit held offshore to return within a month or be declared illegal tender.

Analysts say much of that money will flow into Malaysia's stock market for lack of a better place. Banks are rapidly lowering interest rates in a desperate attempt to reverse the recession, so there will not be much to gain from depositing funds in financial institutions.

But the knowledge that money will return to the market will not be enough to



draw all local investors in analysts warn. They say many are concerned with the lack of progress on government attempts to revive banks and thereby, corporate. It was largely this that kept investors out of the market in recent months.

The economy is now in recession and investors want to know the extent of corporate debt and cash flows. An increasing number of companies are seeking court protection from creditors as they restructure.

Malaysia plans to buy non-performing loans and assets from financial institutions and recapitalize the banks so they can resume lending. But the authorities do not want to pay the price demanded by international capital markets for foreign money, and economists say it will be difficult to raise the money needed for the plan locally.

Economists now worry whether reform will even take place at all in light of the capital controls. "Bringing in exchange controls is not necessarily bad as part of a comprehensive clean-up," said Hugh Young, managing director of Aberdeen Asset Management Asia. "But if it is to avoid a comprehensive clean-up, as we suspect in this case, it's rather sad."

Sheila McNulty

Wall Street depressed by financials

AMERICAS

US shares followed overseas equity markets lower throughout the morning session, sending the Dow Jones Industrial Average more than 120 points lower at one stage, writes John Labate in New York.

However, by early afternoon stocks were off their worst levels, although trading remained unstable with sentiment still suffering from Monday's shakeout of more than 500 points.

In afternoon trading, share prices seemed stuck in a tight range. As equities were sold off, bond prices rallied across the maturity range. Anticipation mounted in advance of the week's employment report, due out today and widely expected to show a still-strong labour market.

By early afternoon the Dow was down 101.95 or 1.3 per cent to 7,890.42, while the broader Standard & Poor's 500 was off 10.55 to 793.22. Thursday's sell-off touched most sectors, with lower technology share prices driving the Nasdaq composite down 17.40 to 1,575.45.

Financial shares were the hardest hiters among Dow shares. Travelers tumbled more than 7 per cent or \$3 1/2 to \$41 1/2, and American Express fell 8 1/2 to \$78. A handful of shares pushed higher, including Chevron, up 1 1/2 to \$75. Minnesota Mining and Manufacturing also climbed 1 1/2 to \$70 1/2.

Brokerage and banking shares fell back as overseas markets plunged. Hambrecht & Quist fell 3 1/2 to \$19 1/2 and Donaldson, Lufkin & Jenrette lost 3 1/2 to \$31 1/2. Citicorp plunged more than 6 per cent to \$10 1/2.

Semiconductor shares were mostly lower despite a sharp rise in Intel shares. Intel, the chip industry leader, climbed 3 1/2 to more than 4 per cent to \$77 1/2 after Morgan Stanley raised its earnings estimates for 1998 and 1999.

Retail stocks were mixed on the release of August store reports. Gap shares surged more than 10 per cent to \$53 after reporting a 9 per cent rise in sales.

Best Buy also rose strongly, up more than 7 per cent or \$4 1/2 on the release of record second-quarter sales that were above expectations.

TORONTO pushed modestly higher in early trading in spite of renewed weakness on Wall Street.

Most brokers pointed to the foreign exchange market and a rally for the Canadian dollar which helped mitigate poor results from Canadian Imperial Bank.

But an upbeat performance from the heavyweight golds also lent support to sentiment with Barrick adding C\$1.15 to C\$22.40 and Placer Dome C\$1 to C\$15. The uptick was a 4.63 improvement to 5,687.10 in the 300 composite index at the noon calculation.

The currency gains took the heat off the money markets and, in the more settled climate for interest rates, selected banks pushed ahead.

Royal Bank of Canada gained 15 cents to C\$60.80. Canadian Imperial, though, lost 30 cents to C\$29.90.

Among industrials, Alcan Aluminium added 45 cents to C\$32.10. BCE hardened 5 cents to C\$61.95 but Northern Telecom shed C\$1.75 to C\$78.50.

Financial shares were the hardest hiters among Dow shares. Travelers tumbled more than 7 per cent or \$3 1/2 to \$41 1/2, and American Express fell 8 1/2 to \$78. A handful of shares pushed higher, including Chevron, up 1 1/2 to \$75. Minnesota Mining and Manufacturing also climbed 1 1/2 to \$70 1/2.

Brokerage and banking shares fell back as overseas markets plunged. Hambrecht & Quist fell 3 1/2 to \$19 1/2 and Donaldson, Lufkin & Jenrette lost 3 1/2 to \$31 1/2. Citicorp plunged more than 6 per cent to \$10 1/2.

Caracas plummets 6%

CARACAS was a big loser at mid-session, down about 8.5 per cent in response to the gloomy global market outlook and news that the government had failed to sell off its aluminium holding company.

By midday, the IBC index was 191.25 lower at 2,757.38.

The tumble came after the government formally called off next Monday's auction of the aluminium company after the last qualified bidder pulled out on Wednesday.

Among individual stocks, telephone monopoly CarTV shares were trading 95 bolivars or 8.1 per cent lower at 965 bolivars.

SAO PAULO picked up from its lows at mid-session, but was still more than 5 per cent down on the day as declines in the US and Europe set the tone for a gloomy session.

The Bovespa index was 388 lower at 8,422 as benchmark Telebras fell R\$3.70 to R\$81.80.

EUROPE

Weakness on Wall Street and in the dollar depressed Frankfurt, where the Xetra Dax index registered a fall of 151.38 or 3.1 per cent at 4,797.13 by the end of electronic trade.

Russia's tribulations remained a drag on the banks. Dresdner, which said its unsecured loans to Russia totaled DM1bn, fell DM5.08 to DM72.10.

Commerzbank gave up DM2.30 to DM50.55 and Deutsche Bank was DM5.90 lower at DM107.10.

BMW was a big loser among the cars, down DM90 to DM1,201 as the Quandt family, a major shareholder, dismissed speculation it planned to change its equity holding in the company.

On Wednesday, Ferdinand Pisch, the VW chairman, reportedly said his company might acquire about 25 per cent of BMW. VW lost DM9.45 to DM123.05.

Against the trend, Deutsche Telekom picked up DM1.05 to DM50.30 amid speculation that Microsoft was interested in its cable television business.

ZURICH turned back after Wednesday's rally on profit-taking and renewed worries about the banking sector.

The SMI index closed a volatile session 35.8 or 3.5 per cent lower at 6,605.1.

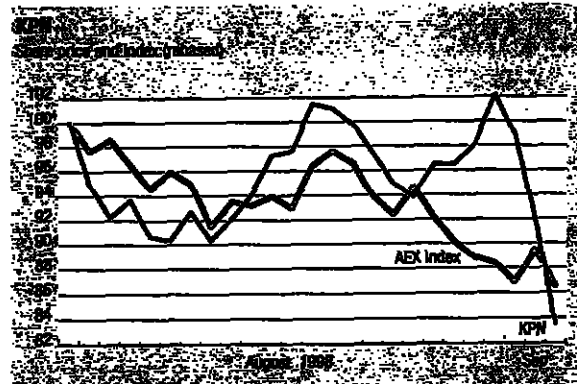
Overseas selling hit the banks as speculation continued about their exposure to emerging markets and after a rumour, promptly denied, that CS Group chief executive Lukas Muehleman was resigning.

CS tumbled Sfr24.25 or 9.7 per cent to Sfr224.75 and UBS dropped Sfr39.50 or 8.1 per cent to Sfr450.

The insurers were also lower. Swiss Re fell Sfr63 to Sfr3,260 in spite of Wednesday's first-half net profit figures, which beat many expectations.

Zurich lost Sfr36 to Sfr784 ahead of an announcement that it was considering a proposal to sell its reinsurance business in London.

SAIR Group lost Sfr17 to Sfr363 as investors digested



news of the Swissair crash. AMSTERDAM moved steeply lower in heavy volume amid rumours that a number of option traders had run into difficulties.

The AEX index ended off 30.43 or 2.8 per cent at 1,069.83.

Philips shed Fl 5.50 to Fl 123 while among financials ABN Amro lost Fl 3 or 6.4 per cent to Fl 43.80 in 15.3m shares traded. But the big faller was telecoms group KPN, which ran into a squall of tariff reduction concerns.

A press conference planned for today by Opta, the Dutch telecom regulator, is expected to announce a range of price cuts.

KPN fell Fl 7.10 to Fl 74 in 5.8m shares traded to extend its decline to 16 per cent in two days.

Royal Dutch pushed ahead to Fl 92 on news of its European refining alliance with Texaco of the US, but fell back in late trading. The stock, heavily dealt at 8.3m shares, closed off 10 cents at Fl 88.80.

Retailer Ahold managed to keep its head above water, adding 60 cents at Fl 61.90 following an upbeat first-half trading statement.

PARIS fell 2.2 per cent on the CAC 40 index with the banks again under pressure and Renault and Peugeot both falling more than 5 per cent. The benchmark ended down 83.21 at 3,846.46 in 21m shares traded.

Russian lending worries among the banks were given a fresh twist by Societe Generale, which announced plans to take provisions in

its first-half results. SocGen shed FF64 to FF596. BNP came off FF223 at FF352 and CCF retreated FF33.90 or 7.8 per cent to FF400.10.

Renault tumbled FF13.20 to FF240.20 and Peugeot FF51 to FF942. France Telecom, the benchmark's leading heavyweight, came off FF23.50 at FF428.50.

Oils were a firm feature with Elf Aquitaine adding FF18 to FF611 on the oil price recovery, some relief at interim results and hopes for reduced European refining capacity following the Royal Dutch deal with Texaco.

Total advanced FF20 at FF568.

Sano's jumped FF40 or 5.8 per cent to FF730 after a round of broker upgrades after the group's first-half results. Goldman Sachs held its target price at FF780 but lifted earnings estimates for

this year and 1999 by 3 and 4 per cent respectively.

OSLO witnessed a sharp retreat by Anglo-Norwegian construction and shipbuilding group Kvaerner on worries about the corporate outlook after poor first-half results.

Kvaerner lost Nkr35 to Nkr121.50, its lowest level since 1992 and after a 1998 high of Nkr381 in January. The disappointing results were compounded by a local press report questioning whether there might be "hidden bombs" worth billions of kroner in the accounts.

Merkantidata, the information technology and systems integration company was another sharp loser, down Nkr11 to Nkr67.

Analysts were offering a number of explanations, including a suggestion that its acquisition of DanaData was turning into an expensive deal because of the depreciation of the Norwegian krone against the Danish currency.

The general index dropped 36.17 points to 227.72.

MOSCOW took another tumble after three days of relative stability, with the RTS index losing 4.3 or 6.4 per cent to 61.43, just above the market's all-time low of 61.15. Turnover, however, was a minute \$1.8m.

Written and edited by Michael Morgan, Jeffrey Brown, Peter Hall and Paul Greeng

Toyota issues rand warning

SOUTH AFRICA

Johannesburg tumbled 2.5 per cent, hit by the renewed weakness on Wall Street and a warning by Toyota South Africa that high interest rates and a weak rand would have a negative impact on 1998 profits.

The overall index lost 120.3 to 4,791.1 and industrials fell 3.1 per cent to 5,627.1. Golds gave up 0.7 per cent to 820.5, depressed by dull bullion.

McCarthy Retail plunged 45 cents or almost 24 per cent to 145 cents after the company posted a massive loss for the year to June 30.

Taipei tumbles to two-year low

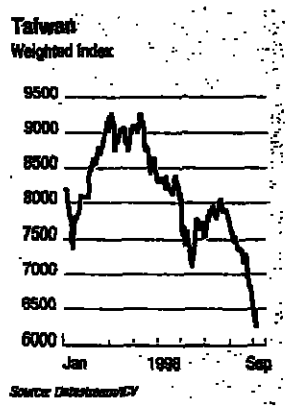
ASIA PACIFIC

On a down day for Asia generally, TAIPEI produced the region's steepest fall, sliding 3.4 per cent or 220.30 to 6,251.38 on the weighted index, the lowest close since September 1996. Volume remained thin, however, with turnover shrinking further to T\$81bn.

Foreign investors were net sellers for the second day running. The main areas of nervousness were electronics and financials, which fell 5.7 per cent and 3.1 per cent respectively. Acer was down T\$1.40 to T\$38.50. Taiwan Semiconductor tumbled by the daily 7 per cent limit, closing off T\$4 at T\$37.50.

TOKYO fell after electronics giant Hitachi warned of losses for the first time in its history, writes Alexandra Horney in Tokyo. The Nikkei 225 Average lost 115.38 at 14,261.24, after moving between 14,207.84 and 14,368.28.

Hitachi plunged 7 per cent or ¥54 to ¥706, dragging other electronics shares with it. NEC, the electronics and computer group, was down ¥41 to ¥1,003. Fujitsu slid ¥44 to ¥1,360. Toshiba, another big electronics



group, lost ¥21 to ¥518. Old Electric, which announced a tie-up with Compaq, the computer group, and GloBeSet, the US software company, to launch an email commerce programme in Japan, lost ¥14 to ¥290.

The banking sector was mixed amid continued uncertainty about the fate of a banking bill now under debate in parliament. The bill would help banks resolve their staggering bad loan problems.

Sakura Bank led the market in volume, finishing ¥8 lower at ¥274. Long Term Credit Bank of Japan held steady at ¥51. The Bank of

Tokyo-Mitsubishi was up ¥25 at ¥1,113. Sanwa Bank improved ¥11 to ¥910.

Steel shares were also hurt by reports that Toa Steel, a subsidiary of the number-two steel maker NKK, would file for bankruptcy. Trading in shares of NKK was suspended, but the stock lost ¥11 to ¥113 before the halt.

Toa plunged 17 per cent or ¥13 to ¥63 before its suspension. Iron and steel shares overall lost 3.3 per cent.

The trading volume was thin at 375m shares. The Topix index of all first-section shares fell 4.99 to 1,113.77. In Osaka, the OSE lost 145 at 15,297.

SINGAPORE extended its decline this year to 46 per cent with the Straits Times index slipping 15.15 to 812.70. Banks stayed in the firing line on worries about exposure to Malaysia. The main finance index fell 5.4 per cent. OCBC foreign shares lost 34 cents to S\$3.90 and OUB foreign shed 14 cents to S\$2.

JAKARTA closed higher as the government's move to lift subsidies on commodities, apart from rice, boosted hopes for further deregulation in agriculture. The composite index fin-

ished 5.16 or 1.6 per cent higher at 334.79.

Plantation stocks were higher in response to the government's move. London Sumatra rose Rp175 to Rp1,225, Bakrie Sumatra gained Rp125 at Rp750 and Astra Agro gained Rp150 to Rp1,975.

The upbeat mood spilled over to food groups. Indofood put on Rp375 to Rp2,025 and Mayora picked up 50 to Rp400.

HONG KONG edged back after a roller-coaster ride and brokers said the market would have suffered larger losses had it not been supported by short-covering in the wake of last Friday's exceptionally heavy trade.

The Hang Seng index fell 37.08 to 7,318.69 after drifting between 7,201.44 and 7,325.75. Turnover rose to HK\$5.5bn from Wednesday's HK\$5.8bn.

China plays outperformed with red chips gaining 2.5 per cent to 67 and H shares were 4.9 per cent higher.

WELLINGTON fell 26.86 or 1.5 per cent to 1,775.67 on the 40 capital index. Forestry stocks were notably weak. Fletcher Paper plunged 14 cents to NZ\$1 and Carter Harvey Holt lost 12 cents at NZ\$1.18.

Johnnies Industrial Corporation Limited

HIGHLIGHTS FROM THE AUDITED RESULTS FOR THE YEAR ENDED 30 JUNE 1998

• Headline earnings up 10%

	Year ended 30 June 1998 Rm	Year ended 30 June 1997 Rm
Net income before taxation and exceptional items	254.0	181.5
Share of retained earnings of associated companies	157.9	374.4
Attributable earnings	850.2	766.7
Earnings per share (cents)		
- Headline earnings	351	325
- Attributable earnings	546	500

Capitalisation shares have been awarded to shareholders registered at the close of business on Friday, 18 September 1998. Shareholders may, in respect of all or part of their shareholding, elect instead to receive a final dividend of 89 cents per share. Shareholders making this election will then be given the opportunity to use the dividend to subscribe for new ordinary shares in the company.

Documentation, which is subject to the approval of the Johannesburg Stock Exchange, containing full details of the right of election will be posted to shareholders on or about 25 September 1998.

Attention of shareholders is drawn to the further cautionary announcement issued by the company on 21 August 1998, advising that further negotiations relating to the strategic restructuring process are taking place. Shareholders are accordingly advised to continue exercising caution when dealing in their shares.

3 September 1998

The full text of the audited results will be posted to shareholders and copies can be obtained from the London Secretaries, JCI (London) Limited, 6 St James's Place, London SW1A 1NP or viewed on the Internet at <http://www.johnnic.co.za>.

EUROFIMA

European Company for the Finance of National Housing Stock

U.S. \$250,000,000

Deutsche Mark LBO Based

Floating Rate Notes due 2002

For the Interest Period 3rd

September, 1998 to 3rd

December, 1998 the Notes

will carry an Interest Rate

of 5.575% per annum with

Coupon Amounts of U.S.

\$13.59, U.S. \$135.87 and

U.S. \$13,588.81 per U.S.

\$1,000, U.S. \$10,000 and

U.S. \$1,000,000 Notes

respectively. The relevant

Interest Payment Date will

be 3rd December, 1998.

Swiss Bank Corporation

The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world. For information on rates and further details please telephone: Tony Fisher-Crofts on +44 171 673 4027

MURRAY UNIVERSAL

Société d'Investissement à Capital Variable

Registered with the Register of Commerce

Luxembourg under N° 5 6621

DIVIDEND ANNOUNCEMENT

The Annual General Meeting of 14 August 1998 approved the payment of a dividend to the shareholders of the Pacific Portfolio Sub-Fund of USD

0.15 per share to shares subscribed and in circulation on 31 August 1998;

ex-dividend date: 1 September 1998; payment on or after 25 September 1998, against presentation of coupon n° 3.

Registered shareholders will be paid by cheque or transfer while holders of bearer shares can cash the dividend at the following bank:

BANQUE GENERALE DU LUXEMBOURG S.A.

50, Avenue J.F. Kennedy, Luxembourg

The Board of Directors

Bosnia-Herzegovina

Tuesday October 13

For further information please contact:

Ewa Pleciak-Novakovic

Tel: +48 22

RECRUITMENT



RICHARD DONKIN

Democratic revolution

A new report of top executives points to greater sharing of power and information

If you look back in history, the development of civilisations tends to follow familiar patterns. There is a struggle for ascendancy among various tribes, leading to the establishment of the nation state under a powerful ruler heading a governing body made up of loyal supporters.

The system can work successfully as long as the powerful ruler can be extended. Inevitably it breaks down, often within a generation or two, as a result of weak succession.

Most companies, like early nation states, are effectively corporate dictatorships. They suffer from the same problems of succession and, like emerging powers, they often flourish and expand in a blaze of acquisitions, then stagnate and turn in on themselves.

Some corporate empires, such as Hanson, break apart. Others, like IBM, try to dominate the world only to find their success undermined by a new and emerging system.

As countries mature they find themselves absorbed by

the development of a workable system of government. Sometimes change is forced by revolution; sometimes it is more protracted. The desire, ultimately, seems to be to establish a system that delivers a fair and just society at peace with itself.

Companies differ in that their aim is to deliver profits for shareholders. But underlying this goal has to be a long-term desire for stability. A company's role in society, therefore, must be aligned with that of the population it serves.

There seems to be a growing understanding among large companies, forced partly by the collapses of the early 1990s and the consequent strengthening of corporate governance, that their success and survival depends on external as well as internal factors.

Internal processes, such as succession planning, can be influenced by boardroom policy. But companies are finding that they must also address external problems such as skill shortages. Such

concerns are stimulating new thinking about the way companies should be run. Some of these ideas have been captured in a study carried out by the Economist Intelligence Unit for a Korn/Ferry International report.

The research surveyed 160 senior executives in a broad sweep of businesses across the world and interviewed a further 75 top executives.

The study finds business leaders are continuing to occupy the paternalistic command and control role. But, when it asks the executives where they need to be in 10 years' time, there is a consensus that their style needs to change. They describe future leaders as entrepreneurial, visionary and prepared to share information and power.

Some 44 per cent of the respondents expected responsibility and accountability to be decentralised among operating units and regions. This, says Korn/Ferry, will require an ability among top executives to delegate responsibility, to inspire greater co-operation across functions and to promote more effective team-building. Another strong constituent

of the predictions is a belief that customer satisfaction and shareholder value as measures of effective leadership are going to become more important than profitability.

The business leaders questioned in the survey also expect boards and their top management teams to become more diverse, with more women and people from different national and cultural backgrounds taking the top jobs.

Leadership, it seems, is breaking out all over. Tomorrow's company, says Korn/Ferry, will be managed by a team of leaders. Does this mean that companies will more closely mirror the governments of settled democracies? It seems a logical development.

The idea that a chief executive should work to some kind of democratic mandate is enough to make many business leaders cringe. The last thing they want is to be made accountable for their actions.

But corporate democracy, of a sort, is already with us. Chief executives may not be elected but they are certainly deselected. As the report concedes, succession planners are having to contend these days with the "three Bs" - removal, retirement or recruitment of a chief executive.

Removal, says the report, is becoming much more common, particularly in the US, as large institutional investors flex their muscles.

IT'S ONE MAN, ONE VOTE HERE - BUT REMEMBER I AM THAT MAN

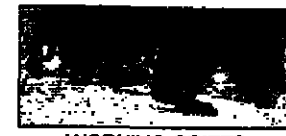


This, in itself, is influencing changes in leadership styles. Contrast this research with the trivia about ties and beads distinguishing high- and low-fliers pushed out by KPMG Management Consulting in its annual British Business Leadership Survey last week. Get a yellow geometric tie and a good shave, it seems, and you're heading for the top.

The study defined high-fliers as those who have managed companies with profitability growth of 30 per cent or more whereas "low achievers" are those with companies that have not grown in profitability. There are clear absurdities in such definitions. How many of those in the 30 per cent and upwards group, for example, will be able to sustain such growth? And how many of

those in the unprofitable part are undertaking some form of transition in their businesses? Today's high-flier can easily become tomorrow's under-achiever. More worrying is that 200 board directors of companies with an annual turnover of more than £50m bothered to respond to the survey. More worrying still, is that many could not name their favourite business leaders. Some merely put "top person at Shell" or "the man who runs Rentokil". The corporate democracy begins to look more attractive by the minute.

For information about the Korn/Ferry report contact Ruth Grierson, tel +44 171 312 3249 richard.donkin@FT.com



WORKING BRIEFS

Popularity of all-round assessment on the increase

The use of all-round assessment, better known as 360-degree feedback, is growing rapidly, according to a report by Towers Perrin, management consultants.

The research, which surveyed 380 employers from 15 countries, found that all-round assessments - where opinions on an employee's performance are sought from managers, peers, subordinates and sometimes from customers - were used most commonly among senior executives. But many companies that plan to introduce the process intend it to be far more widespread. More than half of companies using all-round assessments have introduced it as a voluntary process and most use it for training and development. A minority uses it for promotion and pay awards. Julia Lampshire, tel +44 171 806 6262

Which? rights

Greater use of flexible working patterns has led to uncertainty among many people about their

employment rights. Which?, the consumer organisation, has published a new guide to employment in the UK, outlining the legal obligations and rights of employees and employers, including various changes in European employment legislation. A chapter on maternity rights, which can be confusing for both employers and employees, includes a maternity benefits calculator. The book is aimed at a broad readership but personnel managers might also find it useful. *The Which? Guide to Employment*, £10.99

Productivity loss

Productivity among employees of companies undergoing restructuring programmes involving job losses can drop by as much as 3½ hours during a typical eight-hour day, according to statistics from the US Department of Labor quoted in Manpower's monthly newsletter. The report suggests that companies anticipating job cuts should prepare the ground well ahead of the announcement. The report also quoted an American Management Association survey of 500 US companies that had cut jobs. Three-quarters said morale had collapsed and two-thirds found no increase in efficiency.

BANKING FINANCE & GENERAL APPOINTMENTS

Asian Banking Opportunities

Major US Bank - VPs/AVPs

£ Excellent + Benefits

Our client, a major US bank, is going through an exciting time in its development in the Asia Pacific region. In line with their continuing expansion in Asia, they are seeking to appoint processing unit managers for the following product lines.

Derivatives Settlement (VP)

Reporting to the Head of Global Markets Operations, you will manage an experienced team responsible for daily processing operations of the Derivatives business. You will maintain service levels, ensure effective support to the business and have strategic input into the current and future development of the Operations Unit.

Preferably degree qualified, you will have a track record of at least 10 years in derivatives back office operations in a multinational bank. You will possess excellent product knowledge of derivatives including swaps, FRAs, caps, collars, floors and futures, strong management and leadership skills and be a team player.

FX Options Settlement

Part of the Global FX Options trade support unit and reporting to the Head of Derivatives Operations, you will manage one or more teams responsible for daily processing operations within a Global FX Options Unit. Your contribution will be instrumental towards the support of the Global FX Options business.

Preferably degree qualified, you will have a track record of at least six years processing exotic FX Options in a multinational bank. You will have excellent product knowledge of exotic options and possess strong management and leadership skills.

FX Settlement, Regional

Reporting to the Head of Regional FX Operations and managing an experienced team, you will be responsible for the daily back office operations of the FX Unit. You will play an instrumental role in maintaining service levels and providing effective support to the Asian FX business.

Preferably degree qualified, you will have a track record of at least five years in FX back office operations in a multinational bank. You will possess strong management and leadership skills and be a team player.

Please telephone 0171 831 2000 or forward a CV to James Nicholson at Michael Page City, 50 Cannon Street, London EC4N 6JJ. Fax 0171 329 2974. e-mail: jamesnicholson@michaelpage.com or www.michaelpage.com

Michael Page
CITY

London • New York • Paris • Amsterdam • Frankfurt • Milan • Madrid • Hong Kong • Singapore • Sydney

International Private Banking

Middle East

£ Excellent Package

London based

Our client is a highly reputable and rapidly expanding global private banking institution located in 24 countries worldwide. The bank offers a bespoke range of services to a global client base of high net worth individuals, including portfolio management, trusts and fiduciary services.

The continued strategic growth of the operation has resulted in an excellent opportunity for a number of relationship professionals to join this dynamic and prestigious organisation, concentrating on the Middle East.

Senior Relationship Manager - Saudi Arabia

Reporting to the Regional Director for the Middle East, ideal candidates for this role will possess:

- ◆ A minimum of five years relevant experience either from a portfolio management or private banking background, with existing exposure to clients in the region.
- ◆ Strong knowledge of investment and fiduciary products.
- ◆ First rate relationship skills and a proven ability for business development.
- ◆ An SFA qualification and/or Arabic language skills would be an advantage.

Relationship Managers - Middle East

Reporting to the respective Senior Relationship Managers, the team requires three Relationship Managers for the areas of UAE/Iran, Kuwait, Egypt and the Levant. Candidates will possess:

- ◆ 2-4 years relevant experience from either a portfolio management or private banking background. Exposure to existing clients is more relevant for the regions of Kuwait, Egypt and the Levant than for the UAE/Iran.
- ◆ Ability to develop business in conjunction with Senior Managers.
- ◆ Good understanding of private banking and investment products.
- ◆ Good written and communication skills.

These positions represent outstanding opportunities for ambitious individuals to either move into, or further develop their career in private banking. For the right candidates, highly competitive compensation packages will be offered. Interested candidates should contact Mark Pettman or Richard Colgan on 0171 269 1868, or write to them enclosing a current curriculum vitae and remuneration details at Michael Page City, 50 Cannon Street, London EC4N 6JJ. Fax 0171 329 2986. Please quote reference 443168. e-mail: city.corp.bank@michaelpage.com www.michaelpage.com

Michael Page
CITY

London • New York • Paris • Amsterdam • Frankfurt • Milan • Madrid • Hong Kong • Singapore • Sydney

Appointments Advertising

appears in the UK edition every Monday, Wednesday & Thursday
and in the International edition every Friday.
For further information please call: Karl Loynton on +44 0171 873 3694

FINANCE OPEN EVENING

— An Invitation —

Thursday 1 October 1998

— Qualified Accountants/Finance Professionals —

Investigate a new career with one of the world's leading investment houses.

At Goldman Sachs our greatest assets are our reputation and our people - we value and reward intellect, innovation, commitment and achievement through teamwork.

If you are either a newly qualified accountant, or have up to two years post-qualification experience and know that you could thrive in our fast-paced, challenging and meritocratic environment then we would like to meet you.

We have a broad range of opportunities across our global finance function. At our Open Evening you will have the opportunity to meet us and learn more about the part which you could play in supporting and controlling our dynamic businesses.

For your personal invitation and further details of the venue, send a full Curriculum Vitae by 18th September 1998 to our retained consultant: Annie Stevens at Robert Walters Associates, 10 Bedford Street, London WC2E 9HE. Tel: 0171 915 8859. Fax: 0171 915 8714. E-mail: annie.stevens@robertwalters.com

Goldman Sachs

DIRECTOR OF EQUITIES

PARIS BASED

Our client is one of the leading financial institutions on the French market covering stockbroking activities, financial engineering, securities research, & analysis and asset management. They thrive on an international client portfolio, operating from their Paris and New York based offices. The group is one of the driving forces behind a European research association.

- Reporting to the Board of Directors, your main responsibilities will include:
- general management of the institutional sales division, including executive team management and coaching
 - develop commercial relations with existing institutional clients in order to drive the overall sales of French equity
 - establish and maintain frequent contact with senior management of leading companies quoted

on the French stock market

- continuously track current and expected performance of the French Equity Market
- personal involvement with major clients in France and abroad
- further develop personal network of professional relations
- continuously analyse and track world financial markets and evaluate the impact on the French markets
- overall coordination of the team of economists and securities analysts
- strategic development of the research department and coordination of research priorities and projects

The ideal candidate will have a university degree in Business Administration or the equivalent,

SUBSTANTIAL SALARY PACKAGE

with a minimum of 10-15 years' experience in institutional sales and management.

Fluency in English and a good knowledge of French is required. Excellent people-management skills, an authority driven by competence and a strong commercial feeling is required.

In return, our client offers a thrilling job opportunity with an attractive salary package in a dynamic and multicultural environment.

For further information, please contact Christophe Vandormaele on +32 2 511 66 88, fax: +32 2 511 99 69 or send him your detailed Curriculum Vitae at Robert Walters Associates, Avenue Louise 66 Box 5, B-1050 Brussels, Belgium.

E-mail: brussels@robertwalters.com Web: <http://www.robertwalters.com>

You may also apply via http://taps.com/Robert_Walters quoting reference RW163.

ROBERT WALTERS ASSOCIATES

LONDON THAMES VALLEY AMSTERDAM BRUSSELS FRANKFURT NEW YORK HONG KONG SINGAPORE SYDNEY MELBOURNE BRISBANE WELLINGTON AUCKLAND JOHANNESBURG

CORPORATE CREDIT RISK MANAGEMENT GERMANY/AUSTRIA

FRANKFURT

Our client is one of the world's premier investment banks following its recently completed merger. The result of which has created a market leading organisation in all product areas covered within investment banking, including corporate finance, fixed income and equities.

The corporate Credit Department in Frankfurt is responsible for the approval of all transactions originated in Germany and Austria, for all products. Due to the current and expected increase in business volumes, we now need to expand the team by the addition of a Credit Officer and an Associate. The roles will have the following key responsibilities:

Credit Officer

- credit responsibility for a designated portfolio of names

- providing approval and recommendations for all transactions relating to the names
- liaising with product and transaction teams in understanding structuring and mitigating credit risk
- credit monitoring of a designated portfolio
- recommending ratings on all allocated counterparties
- investigating client visits for due diligence
- liaising with the product and transactions teams

You will be given the opportunity of having individual responsibility within the team and are likely to possess the following skills and experience:

- a graduate with formal credit training and a minimum of two years experience for the Associate and five years plus for the Credit Officer
- broad exposure and knowledge of the different product areas
- an ability to interact and communicate effectively at all levels

If you have the necessary prerequisites please contact Colin Gibb on +44 171 915 8845, or alternatively send your Curriculum Vitae to Robert Walters Associates, 10 Bedford Street, London WC2E 9HE or fax details for Colin's attention on +44 171 915 8855.

E-mail: colin.gibb@robertwalters.com Web: <http://www.robertwalters.com>

You may also apply via http://taps.com/Robert_Walters quoting reference RW166.

ROBERT WALTERS ASSOCIATES

LONDON THAMES VALLEY AMSTERDAM BRUSSELS FRANKFURT NEW YORK HONG KONG SINGAPORE SYDNEY MELBOURNE BRISBANE WELLINGTON AUCKLAND JOHANNESBURG

Equity Research – Utilities Analyst

Developing high-quality utilities research with a global reach

At J.P. Morgan, a leading global investment bank, the continued growth of our European Equities business is creating further career opportunities in research. Based in London, our equity research effort focuses on selected pan-European sectors.

Our equity research in the utilities sector is growing as the trend towards privatisation and deregulation in continental Europe is maintained. Our focus is on electricity and water utilities. We are looking for a versatile utilities analyst who can play a generalist role in providing expert advice and support in response to both internal and external client needs.

As a member of the utilities team, you will gradually develop your own coverage of companies, probably in Southern Europe.

Your objective will be to analyse sector trends, forecast companies' results and, ultimately, make investment recommendations. The ability

to prepare financial models and provide effective marketing support is key and will lead to the development of close relationships with fund managers and companies.

You will need at least a 2:1 degree in a business, economics or accounting discipline, preferably supported by an MBA. You have a corporate finance/equity research background or exceptional experience in industry or consultancy. Fluency in at least one other language, ideally Spanish, is also essential. You will have a high level of self-motivation, excellent verbal and written communication skills and the ability to work effectively as part of a team.

To apply for this role, please send a full CV quoting ref: 2232 to The Response Management Team, Associates in Advertising (AIA), 5 St John's Lane, London EC1M 4BH.

Closing date for applications is 21 September 1998.

JPMorgan

© 1998 J.P. Morgan & Co. Incorporated. J.P. Morgan Securities Ltd is regulated by the SFA. J.P. Morgan is the marketing name for J.P. Morgan & Co. Incorporated and its subsidiaries worldwide.



The Inter-American Development Bank, the largest regional multilateral development institution, based in Washington DC, invites the submission of resumes for the following openings in its expanding Private Sector Department:

SENIOR SPECIALIST / SPECIALIST - PROJECT FINANCE

Functions:

- Contribute to the Department's program of financing private investments in Latin America and the Caribbean region.
- Lead/participate in interdisciplinary teams responsible for the origination, appraisal and negotiation of infrastructure project finance.
- Supervise/participate in activities related to portfolio performance.
- Represent the Bank in public fora related to private infrastructure financing.

Requirements:

- Education: MBA Degree or equivalent.
- Experience: At least 10 yrs. of relevant experience (senior position), including six years in project finance, preferably in infrastructure investments in emerging markets; at least 6 yrs. of similar experience for the other position.
- Languages: Proficiency in English and Spanish or Portuguese.

Interested applicants should send cover letter and resume (in duplicate), by September 15, 1998, including salary history, to: Inter-American Development Bank Stop. E0507

Code: PR/ILB
1300 New York Avenue NW, Washington, DC 20577 USA
or Fax (202) 623-3014

As a reflection of its commitment to its borrowing member countries, the Bank may require staff to accept assignments in both country offices and headquarters. Only applications which best match the requirements of the position will be acknowledged. The Bank offers a competitive compensation package and encourages gender equality in its hiring practices.

PORTFOLIO MANAGEMENT SPECIALIST

Functions:

- Assist in developing policies/procedures for project supervision and portfolio risk management.
- Review and participate in the portfolio monitoring process and operations.
- Make recommendations and provide credit/financial analysis to support decisions related to risk rating and specific loss allowances in the private sector portfolio.

Requirements:

- Education: MBA degree or equivalent.
- Experience: At least 5 yrs. of relevant experience in portfolio and risk management; 2 of these years at the international level. International experience in direct financing of private sector projects a plus, particularly in international loan portfolio management of loans in Latin America and the Caribbean.
- Languages: Proficiency in English and Spanish.

ABBEY NATIONAL

CI

HEAD OF
ABB

Investment
United Arab Em

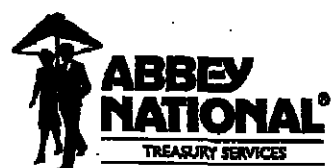
ERNST & YOUNG

CREDIT

Net.Works

The FT IT Recruitment section is also available all week on www.FT.com

501 من الامم



Credit Risk Management



Credit Analysts - Various Levels

Salary £ Competitive - Central London

Abbey National Treasury Services plc (ANTS) is the wholesale banking operation of Abbey National plc, one of the UK's top twenty companies. ANTS is a major participant in the international financial markets with a reputation for responsiveness, innovation and professionalism, and assets of over £80bn.

The Credit Risk Management team plays an active role in the support of new business initiatives and ensures that the high quality of the asset base is maintained. ANTS' continued expansion and diversification into other asset categories has resulted in several new opportunities for credit professionals keen to participate in this dynamic environment. Potential candidates will possess experience in at least one of the following areas:

- Securitisation
- Project Finance (UK and international)
- Corporates (preferably high yield or leveraged loans)
- Bank and Non Bank Financial Institutions

Applicants should be proven credit professionals with relevant experience gained at a leading financial institution. Strong analytical skills and product knowledge will be combined with experience of cash flow modelling and ideally, an appreciation of equity analysis.

Articulate and numerate, with self confidence and the ability to stand by your decisions, you will enjoy taking responsibility for your work and seeing projects through to successful completion. Successful candidates will be involved in a variety of assignments undertaking analysis, making recommendations and presenting proposals at board level. Working closely with the transaction underwriters, and as a key member of a lively team, you will possess the ambition and drive necessary to make your mark and build on your current skills.

In return, we will provide you with an attractive salary package commensurate with your experience and ample scope to develop your career and diversify into any of our other specialist business areas. To apply for this outstanding opportunity please forward in strict confidence, your CV, current salary details and day/evening telephone numbers to Barmers Response Services, 1st Floor, Wellington House, Queensmere, Slough, Berkshire, SL1 1DB, quoting ref: 5056A.

To support a healthy work environment, Abbey National operates a no smoking policy.

Abbey National positively welcomes applications from every section of the community

HEAD OF INTERNAL AUDIT ABB Financial Services

ABB is a global US \$35 billion Group serving customers in power, oil, gas and petrochemicals, automation, contracting, rail transportation and financial services. ABB employs approximately 220,000 people in over 140 countries.

ABB Financial Services is one of seven Business Segments within ABB and offers a wide array of financial services including sales support financing, treasury, leasing, asset management and insurance, to both ABB companies and external customers.

Internal Audit acts as a management function, identifying and recommending improvements to management. As Head of the Global Internal Audit function you will report directly to the group executive responsible for Financial Services and be based in Zurich.

Responsibilities:

- Conduct operational audits to identify crucial business risks
- Ensure effective internal control processes are implemented and adhered to
- Add value to management and improve operational efficiency
- Manage the department, operations, people and budgets

Qualifications:

The ideal candidate will possess a degree in a financial discipline and have ten years professional audit experience in banking and finance. Knowledge of best practice risk assessment, IT audits and Computer Audit Assisted Techniques are vital. International experience is a pre-requisite. Strong leadership, coaching and communication skills are required. Creativity, judgement, diplomacy and a pro-active, results-orientated management style are essential.

Please send full personal and career details, including current remuneration and daytime telephone number, quoting reference ABB/121 to Suzanne Pringle at LAI International 2nd Floor, Berkeley Square House, Berkeley Square, London W1X 6EA.



OUR CLIENT IS A GLOBAL DIVERSIFIED MANUFACTURER OF AIR CONDITIONING SYSTEMS, PLUMBING PRODUCTS, AUTOMOTIVE EQUIPMENTS, EMPLOYING 44 000 PEOPLE, WITH A TURN OVER OF US \$ 6 BILLIONS. ITS AUTOMOTIVE ACTIVITY IS EXPANDING AND NEEDS TO DEVELOP ITS IT DEPARTMENT. THIS DEPARTMENT, CURRENTLY LOCATED TO THE EAST OF PARIS, IS LOOKING FOR TALENTED PEOPLE TO FILL THE FOLLOWING POSITIONS

INTERNET/INTRANET ARCHITECT Ref. WCF 01

The Internet/Intranet architect is part of the Infrastructure team and brings his/her expertise on the Internet/Intranet technology to the group. Is responsible for all Internet and Intranet Web servers and services worldwide. Designs, develops and promotes the Intranet technology. Integrates the NT architecture, the Microsoft Intranet/Internet product line into the group. Manages all Web services, maintains and upgrades servers, software standards and security. Proposes and validates Intranet applications concepts based on MS, ASP & SgServer. Enhances existing Web-based resources and develops them further to incorporate resources requested by users, maintains and updates users Intranet.

Work with local business units authors to create and manage new Intranet sites using FrontPage and family tools.

To qualify, you must be fully literate in the above mentioned areas and have experience in Web production work in a Microsoft NT environment and give attention to detail.

A BS in Computer Science with 2 years extensive web project management is required with excellent organizational, writing and communication skills.

NETWORK COMPUTING SUPPORT Ref. WCF 02

Manages and deploys the defined Group Architecture for Network computing.

Is responsible for testing server applications and working with the hardware and network support staff to ensure reliable overall web operations, analyzing traffic to the different business units. Studies and defines potential evolutions such as: Java/Active X Components use, IN/PC strategy MS Exchange client choice, Groupware software components, to optimize performance of software and servers.

Assists Business units to define migration plans to defined group Architecture. Provides network hardware and software support and assists Intranet users in solving system problems - Troubleshoots browser software and connectivity problems. Participates in the establishment of procedures for problem determination.

A minimum experience of 4 years in desktop management and support in a PC networked environment, with Microsoft products knowledge is requested along with good communication skills.

E-MAIL ADMINISTRATOR Ref. WCF 03

Serves as the E-Mail Microsoft system administrator and Multimedia products (Video, conference, fax gateway, ...) support for the group. Coordinates all activities surrounding the management of that system including maintenance and operations, enforcement and interpretation of policies. Plans the migration and deploys new MS Exchange server in all the group units.

Evaluates and promotes the usage of Multimedia internally and externally with business partners. Works closely with users to assist them in resolving problems with e-mail communication.

Must have strong organizational and computer skills, along with the ability to integrate and work effectively in a team environment.

A Bachelor's degree in computer science, Information systems, mathematics or related field with 2 years of experience in computer systems administration or support is preferred, along with basic understanding of operating systems and networking protocols.

All the above positions require an excellent command of English, intensive travelling, valid EEC working papers and are located in the Paris area. Salaries range from 250 000 FF to 350 000 FF depending on position and experience (relocation compensation to be negotiated). Please send your CV and covering letter, specifying reference, to:



2, rue Louis David - 75782 PARIS CEDEX 16 - FRANCE
E-mail: groupe@coceplan.com

Investment Institution United Arab Emirates Based

Excellent Career Opportunity Competitive Remuneration Package

Our client, the Abu Dhabi Investment Authority (ADIA), is a prominent investment institution in the United Arab Emirates. Established for over 20 years, it is a major player in the global equity and financial markets. Due to expansion, our client is now seeking to appoint two qualified Investment Analysts with expertise and knowledge to explore new opportunities and markets of the Middle East and North Africa.

The Tasks

- The identification of investment opportunities and acquisition targets.
- The preparation of business valuations, viability studies and qualitative/quantitative analyses, all of which should assist management in reaching sound business decisions.
- The development of acquisition criteria and strategy specific to each investment under consideration, prior to approaching targets.
- Liaising with external advisors and other investment parties connected with the deals.

The Candidates

	Senior Investment Analyst	Investment Analyst
Age:	between 35 and 40	between 25 and 30
Experience:	10-15 years of relevant experience	minimum 5 years of relevant experience
Qualification:	MBA, CPA, CA or CFA should be fluent in written and spoken Arabic and English	MBA, CPA, CA or CFA should be fluent in written and spoken Arabic and English

Qualified candidates should forward their Curriculum Vitae together with a recent photograph and expected remuneration package before 18 September 1998 to Ernst & Young Executive Recruitment Division, R.O. Box 136, Abu Dhabi, United Arab Emirates, Fax No. + 971 2 722868. Please quote reference number 211. Only those candidates who are short listed will be contacted.



REPRESENTATIVE FOR THE NETHERLANDS



EASDAQ's mission is to create a European stock market which is liquid, efficient and fair, where fast growing companies with international aspirations can raise capital from interested investors. EASDAQ is a screen based stock market enabling companies, intermediaries and investors to have direct access wherever they are located. Trading is well regulated and cost-effective, and companies benefit from a broad range of European and overseas investors.

EASDAQ is searching for a senior level representative to oversee and manage its soon-to-be-opened representative office in the Netherlands. Based in Amsterdam, the representative will be responsible for maintaining and developing business contact with:

- IPO candidates and companies already trading on EASDAQ
- the banking and brokerage community
- the financial press
- institutional investors

- A strong academic background in Economics, Business Administration or Finance and have gained at least 10-15 years experience in the corporate field

- Working experience in finance

- Excellent knowledge of the workings of a stock market
- Ability to market and develop EASDAQ's position in the Netherlands

- Fluent written and spoken English with other European languages a great bonus

- Enjoy working within an international team
- Excellent analytical and communication skills.

Reporting to the Head of Business Development, the representative should have the following profile:

This is a unique opportunity to contribute to the development of EASDAQ in the Netherlands. The compensation package will reflect the importance of the role.

If you are interested in working for the European Stock market, please send a full CV to: EASDAQ S.A., to the attention of the Chief Operating Officer, Koloniënstraat 56, Box 15, 1000 Brussels, Belgium Tel: 322 227 8520 Fax: 322 227 8587

Commerzbank AG is a leading international German bank. Our banking business is growing rapidly and we are an active participant in global financial markets.

CREDIT ANALYSTS with 2-3 years' experience

Our Risk Management team is independent of the product groups and is responsible for company and transaction analysis of major British and international corporates. Its expertise has been recognised by internal promotions and there is scope for progression into other areas of the group. Investment banking business continues to grow rapidly, especially in international structured and project finance, which is reflected in the increasingly complex nature of the transactions to be analysed. We seek two credit analysts: the first vacancy will be a significant role for an analyst with some experience in structured transactions and calls for at least 3 years' quality credit analysis experience and the ability to produce a swift and authoritative analysis. The second calls for less experience (18-24 months), but the candidate must have the capacity to progress speedily. These positions are important for the further development of the business. Applicants must be of high intellectual calibre, with credit training from a leading bank, together with the personality to contribute substantially to the team and to the quality and development of the credit process.

For the right candidate an attractive remuneration package will be negotiable. Please send applications, in strict confidence, with full career and salary details and quoting reference CA7723/FT to our consultants: CJA, 2 London Wall Buildings, London Wall, London EC2M 5UX, fax 0171 256 8501. Applications sent to Commerzbank will be forwarded to CJA.



Analysts Credit, Risk & Research

Packages From £60-£125k + Benefits

Jonathan Wren is seeking, on behalf of its USA and major global European Banking clients, Credit, Risk and Research Analysts for a range of specialist roles including fixed income credit research; market, product, VAR and exposure risk management; and counterparty credit, particularly emerging markets, Banks and NBFIs.

All candidates must be well educated, experienced team leaders/players. We also need Analysts with special experience with high yield and leveraged loans (USA/UK) to meet with issuers to prepare and value credit information for loan transactions and write industry reports for publication.

All CVs with details of current remuneration to Ron Bradley at the address below.



Jonathan Wren Search & Selection Limited
34 London Wall, London EC2M 5RU
Telephone 0171 588 0828 Facsimile 0171 588 0829

SEARCH & SELECTION





Product Manager - Multi-Currency Processing

Brighton Excellent Package + Relocation Assistance

American Express is one of the world's most famous and well-respected brands in global travel and financial services provisions. Due to further investment in new products and services, an opportunity exists in the Electronic Merchant Services Division. Primary responsibilities will be:

- Responsible for developing and managing all aspects of Pan-European multi-currency authorisation, submission and settlement products
 - Liaising with and co-ordinating clients, technology resources and third party suppliers
 - Ensuring specifications, product plans and support requirements are managed to the highest standard
 - Development of product distribution strategy and sales training programme
- To succeed in this role you will have experience of full life cycle product development, matrix management, extensive project management and superior interpersonal skills. A knowledge of financial services and merchant acquirer/transaction processing industry would also be desirable.

To discuss this opportunity please contact David Miller on 0171 970 9700, quoting reference 548523. Alternatively send your CV to him at the address below.

28 Essex Street
London WC2R 3AT
Tel 0171 970 9700
Fax 0171 353 5838
E-Mail: esm100@exp.com
Internet: www.exp.com



PSD

Information
Systems
Recruitment

MARKETING RESEARCH ANALYST

A leading multinational consumer goods company in the Lake Geneva area is seeking a young, talented, highly numerate individual with good interpersonal skills. Reporting to the Manager Marketing Research, he/she will provide support in converting marketing research into practicable marketing and business recommendations. He/she will be a key player in developing and implementing an innovative and ambitious research program and, as such, will draft the pan-EU analysis and reports. This position has on-going contacts across functions and markets.

The ideal candidate will have:

- a degree in Economics, Social Sciences and/or Business Administration with strong quantitative content
- at least two years experience in a marketing/marketing research function preferably within a FMCG environment, the service industry or a research supplier
- computer literacy and experience in applying statistical and other in-depth analysis tools for business
- ability to work in a team effectively and efficiently to meet short deadlines
- good oral and written communication skills
- fluency in English and preferably another European language

This is a unique opportunity for a bright individual to develop his/her skills in an international environment. The company offers excellent career prospects and a remuneration package commensurate with qualifications and experience.

For details, write with full curriculum vitae or call

Ms. L. Rauschenbach
13 Chemin des Chamuses
CH-1234 Vessy/Geneva
Switzerland

Phone: 0041 21 784 32 82 Fax: 0041 22 784 33 87

European Market and Credit Risk Team Leader

Excellent Package - London Based

J.P. Morgan, one of the world's leading investment banks, currently has an outstanding opportunity for a proactive and determined individual within the Audit function.

The Role:

- Responsible for assessing and supporting areas within the bank which measure and manage Market Risk, the valuation of financial products and the assessment/management of client credit.
- The individual will be required to independently advise the business regarding their control infrastructure and through their team mobilise resources to meet client and audit needs.
- The role demands strong commercial judgement and an ability and desire to convert theory into practice.
- The individual will play an integral role in the European Audit Management team, and contribute to the Global Market and Credit Risk teams.
- A unique opportunity to drive business areas forward and to proactively implement new ideas whilst communicating with all levels of personnel within J.P. Morgan.

The Individual:

- The successful candidate will exhibit a strong background in Market Risk, trading and/or Product Control and will have been exposed to all the asset classes.
- Demonstrate an ability to critically analyse business processes, and evaluate the relative differences in Risk Management practices and the impact to the control environment.
- Could be a qualified accountant with upwards of 5 years PQE and a focus on the Financial Markets.
- Demonstrate the ability to develop and manage a team of specialists.

Interested applicants should contact Robert Theisger at Morgan McKinley, Wellington House, 125 Strand, London, WC2R 0AP
Tel: 0171 557 7229
Fax: 0171 836 3477
E-mail: rtheisger@morgan-mckinley.co.uk

JPMorgan

© 1998 J.P. Morgan & Co. Incorporated. Morgan Guaranty Trust Company of New York is registered by the CFA. J.P. Morgan & Co. is the trademark name for J.P. Morgan & Co. Incorporated and for its subsidiaries worldwide.

ANALYSE EVERY INCH OF THE SQUARE MILE

City

Competitive Salary



Equal opportunities for all
- our policy is as simple as that

SENIOR PROJECT ANALYST

One of the UK's leading banks, the Halifax is increasing its profile in the City through establishing a new Treasury team in the capital. This operation will play a key role in our business development, adding value to the balance sheet by greatly increasing both the volume and range of instruments traded.

A dynamic graduate with a banking or financial qualification and around 2-3 years' experience, you will control, report on and support the development of all aspects of London based project work within the functions of Treasury Technology. With experience of project management methodologies gained in a wholesale bank, you will be responsible for the research, planning and in-depth analysis of a wide variety of projects, producing logical recommendations and translating these into detailed implementation plans.

Innovative, highly motivated and with the flexibility to meet the demands of an ever-changing environment, you must have the credibility to influence dealers and the ability to identify potential new opportunities. An excellent communicator and planner, you will also have working knowledge of related IT systems and a proven background of solution delivery, ideally gained within a Treasury function.

In return for going that extra mile, we offer outstanding personal and career development prospects and a highly competitive salary and benefits package.

To apply for a role that is every inch an enjoyable opportunity, please write with your CV and details of your current remuneration package to: Mrs Philomena Gray, Treasury Personnel, Halifax plc., Trinity Road, Halifax, West Yorkshire HX1 2RG.

Closing date: 18th September 1998.

ATHENS DERIVATIVES EXCHANGE SENIOR DIRECTORS AND MANAGERS



ATHENS
DERIVATIVES
EXCHANGE S.A.

The new Athens Derivatives Exchange S.A., ADEX, and its associated clearing house, ADECH, will be launched in April 1999 to list and guarantee futures and options contracts based upon the Greek domestic equity and securities markets. Both companies are now seeking experienced senior divisional directors and department managers in key areas. Candidates must be fluent in both Greek and English. They should also possess good academic backgrounds, ideally with an MBA or similar, and a proven track record spanning several years in their specialist fields.

ATTRACTIVE SALARIES

ATHENS BASED

In particular,

ADEX is seeking:

- Business Development Director
- Trading Services Director
- Head of Marketing
- Head of Sales
- Head of Market Supervision
- Head of Trading Support

ADECH is seeking:

- General Manager
- Clearing Director
- Finance and Admin. Director
- Head of Risk Management
- Head of Clearing
- Head of Clearing Support

If you would like to be considered for any of the above positions, please forward an up-to-date CV detailing qualifications, experience and the position(s) for which you would like to apply, to reach us by Monday September 21st, 1998. Alternatively, if you would like to know more about any or the positions listed above, please contact us as detailed below.

DAVID COURTNEY - ATHENS DERIVATIVES EXCHANGE
23-25 Lekka Street, 105 62 Athens, Greece,
Tel.: (+301) 331 4320, Fax: (+301) 321 7302, email: D.Courtney@asykase.gr

Private Equity Fund Manager

• Frankfurt • London • Milan • Warsaw •

A major independent private equity groups seeks analysts/associates to join the real estate investment team. They will report to the Principals in the respective offices to assist in the origination, execution, financing, monitoring and exiting of investments in the European markets.

Candidates should have a strong analytical background including an advanced degree in finance and/or MBA and at least 2 years relevant experience with an investment bank or real estate investment company. Strong marketing and negotiation skills will also be essential.

Please send one page resume to
Helen Madden (Fax: 0044 171 663 9351)
or email: Hmadden@thrend.co.uk.

Language requirements:

Fluency in English and at least one continental European

Emerging European Equities - Romanian Analyst

West Merchant Bank Limited and Panmure Gordon & Co Limited form part of the international investment banking activities of the WestLB Group, a leading European banking institution and one of the largest in Germany with some DM600 billion of Group assets and current ratings of: Moody's Aa1, Standard & Poors AA+ and IBCA AAA.

We are seeking a London based Analyst to work as part of a dedicated team developing primary and secondary market business in Romanian equities and the Balkan region. The Analyst will also be expected to cultivate close relations with Romanian corporations with a view to understanding the business outlook and scope for corporate finance opportunities.

Applicants must be educated to MBA level with a relevant degree, have excellent communication skills in written and spoken English and Romanian and in-depth knowledge of Romanian accounting standards. It is also essential that the candidate has two/three year's Romanian banking experience with proven relationships with most of the significant companies listed on the Bucharest Stock Exchange.

Competitive packages including bonus and full benefits are available for the successful candidates.

Please send a CV with salary details, quoting ref. 96R142 to Diane Tisserand - Personnel Manager at West Merchant Bank, 33 - 36 Gracechurch Street, London EC3V 0AX

WestMerchant

CHIEF FINANCIAL OFFICER

Successful public company active in the IT business throughout Europe wishes to appoint a CFO. He will be based in the BNL.

Applicants must have a minimum of 5 years relevant work experience in finance and operations management, hold an MBA and be 39-45 years old. Salary based on qualifications.

Please write, enclosing full curriculum vitae, to:

W&S
Ref. CFO
6, rue du Cirque
75008 Paris - France

The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world. For information on rates and further details please telephone: Karl Luytjens on +44 171 873 3694

OIL JOURNALIST/ANALYST
P.O. Box 4946, 1355 Nieuwsta, Capri, F.A. (357) 2-474999 or E-MAIL: NIEUWSTA@CAPRI.NL

Corporate Engineering - Europe

This individual will provide direction, focus and measurement to a manufacturing organization that encompasses several locations throughout Western Europe. Responsibilities include developing manufacturing plans and strategies and working closely with local management to ensure successful implementation and execution of the plans.

The successful candidate will be a manufacturing expert, with demonstrated deployments of world-class programs in the areas of quality, service level, purchasing/materials and cost reductions. The ideal candidate will possess strong team building capabilities, a solid technical background, excellent interpersonal skills, and be fluent in German and English. Some travel in the US and Asia is required.

Please respond by mailing or faxing your resume to: Siebe Valve and Safety Systems, Attn: Human Resources Department, Job Code: DCMGR, 93 Commercial Street, B52-15, Farnham, Massachusetts, USA 02035. Fax: 508-549-6725.

Siebe is an equal opportunity employer.



Siebe Control Systems

Portfolio Manager

PYRFORD INTERNATIONAL

Pyrford International Plc is a rapidly expanding independent London-based fund manager with a client base domiciled mainly in North America.

An opportunity has arisen for a person with a special blend of talents to join a small highly motivated team of investment professionals. The role embraces portfolio management as well as client contact and marketing. Pyrford's services to potential clients.

The CFA qualification is a minimum requirement together with an ability to express oneself fluently in both verbal and written form. The business background of the successful applicant will be less relevant than their skills, character and personality.

Pyrford offers a level of remuneration appropriate to the importance of this position together with an opportunity to earn equity in the firm.

Please apply in writing to: Mr Bruce Campbell, Managing Director, Pyrford International Plc, 79 Grosvenor Street, London W1X 9DE. REGULATED BY FSA

Please send CV and current salary details to: Box A6219, Financial Times, One Southwark Bridge, London SE1 9HL.



The Inter-American Development Bank, the oldest and largest regional multilateral development institution, based in Washington, DC, has an opening for a:

Senior Funding Officer

With at least six years of experience in international finance, individual would be a member of a small and dynamic team responsible for developing and executing the IDB's multicurrency funding strategy. Candidates must be knowledgeable in funding activities, including international capital markets, bond issues, swaps and liability management. Fluency in English required. Proficiency in German, Japanese or French desirable. We offer an attractive salary and benefits package as well as relocation assistance.

Applications must be received by September 28, 1998. Send Resume in duplicate with a cover letter and salary history to:

Attention: VAB-SFO-FT
Inter-American Development Bank Stop E0507
1300 New York Avenue NW, Washington, DC 20577 USA
or FAX (202) 623-3014

As a reflection of its commitment to its borrowing member countries, the Bank may require staff to accept assignments in both country offices and headquarters. Only applications which best match the requirements of the position will be acknowledged. The IDB encourages gender equality in its hiring practices.

Appointments Advertising

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.

For information on advertising in this section please call
Bon Boney-James on 0171 873 4025

Financial Times

RESEARCH ANALYST

The London-based, well-established, international bank is seeking for highly motivated and talented individuals to join its established but ambitious team to develop the existing business.

The successful candidate should have a strong analytical experience in a UK and international department, trained in a robust, data-driven environment for the ability of business management and leading responsible for the Committee.

Legal knowledge a plus.

Competitive salary in line with skills and experience.

Please send CV and recent salary history to: **Financial Times**, One Southwark Bridge, London SE1 9HA.

FOR PROJECT ANALYST

Leading UK-based, well-established, international bank is seeking for highly motivated and talented individuals to join its established but ambitious team to develop the existing business.

The successful candidate should have a strong analytical experience in a UK and international department, trained in a robust, data-driven environment for the ability of business management and leading responsible for the Committee.

Legal knowledge a plus.

Competitive salary in line with skills and experience.

Please send CV and recent salary history to: **Financial Times**, One Southwark Bridge, London SE1 9HA.

Emerging European Equities Romanian Analyst

The London-based, well-established, international bank is seeking for highly motivated and talented individuals to join its established but ambitious team to develop the existing business.

The successful candidate should have a strong analytical experience in a UK and international department, trained in a robust, data-driven environment for the ability of business management and leading responsible for the Committee.

Legal knowledge a plus.

Competitive salary in line with skills and experience.

Please send CV and recent salary history to: **Financial Times**, One Southwark Bridge, London SE1 9HA.

CHIEF FINANCIAL OFFICER

Successful public sector business throughout Europe. CFO. He will be based in the UK.

Applicants must have relevant work experience in management, hold an MBA and salary based on qualifications.

Please write, enclosing full CV, to: **WAS Ltd. CFO**, 6 rue de la Chapelle, 75001 Paris - France.

RESEARCH ANALYST

The London-based, well-established, international bank is seeking for highly motivated and talented individuals to join its established but ambitious team to develop the existing business.

The successful candidate should have a strong analytical experience in a UK and international department, trained in a robust, data-driven environment for the ability of business management and leading responsible for the Committee.

Legal knowledge a plus.

Competitive salary in line with skills and experience.

Please send CV and recent salary history to: **Financial Times**, One Southwark Bridge, London SE1 9HA.

A LEADING SWISS PRIVATE BANK IS SEEKING A

Senior Private Banker - Saudi Arabia

TO JOIN THEIR SUCCESSFUL MIDDLE EAST CLIENT GROUP IN GENEVA.

Reporting to one of the bank's partners, you will assume responsibility for further developing the already existing clientele in the Kingdom of Saudi Arabia. Thanks to your excellent contact base and your strong negotiating skills, you will win the confidence of a select group of clients to whom you will offer the bank's sophisticated discretionary investment management services. While travelling through the region, you will be able to rely on the support of a competent organisation. Professionals are successful in an oriented private banking experience, as well as fluency in English and, ideally, French and Arabic. The attractive compensation package reflects the strategic importance of this position. Our Managing Partner, Vincent B. Dornier, will be happy to provide you with more information in full confidence.

D & P

MANAGEMENT SELECTION
A service of Dornier & Partners

14, RUE DU RHONE, CH-1204 GENEVE, TEL: +41 22 738 89 55, FAX: +41 22 738 89 51, WWW.DORNIER.COM, WWW.DORNIER.COM/DBP

EUROPEAN BANK

SENIOR CREDIT ANALYST

The London-based, well-established, international bank is seeking for highly motivated and talented individuals to join its established but ambitious team to develop the existing business.

The successful candidate should have a strong analytical experience in a UK and international department, trained in a robust, data-driven environment for the ability of business management and leading responsible for the Committee.

Legal knowledge a plus.

Competitive salary in line with skills and experience.

Please send CV and recent salary history to: **Financial Times**, One Southwark Bridge, London SE1 9HA.

ACCOUNTANCY APPOINTMENTS

Group Tax Manager

London £ Competitive

Our client is a worldwide media organisation that owns, operates and develops national and regional commercial television stations in the emerging markets of Central and Eastern Europe.

Due to continued expansion, the company now seek a Group Tax Manager.

Based in London and reporting to the Finance Director, responsibilities will include:

- Managing various tax projects including mergers, acquisitions and new developments.
- Managing external advisers with regard to corporate tax compliance and efficient tax policy.
- Providing advice on the structure of future business in Central and Eastern Europe.

Our client is looking for an exceptional individual who has the ability to think creatively and communicate with all levels in the organisation. You will be qualified in accountancy or tax with at least five years experience working in industry/commerce and have a good understanding of international corporate tax including US issues. Experience working in Eastern Europe is preferable but not essential.

This is an excellent opportunity to broaden your experience in a fast moving dynamic organisation.

To apply, please write to Donald McFarlane CA, enclosing a CV, at Michael Page Taxation, Page House, 39-41 Parker Street, London WC2B 5LN or fax him on 0171 831 6662. Please quote reference 446903. Alternatively, e-mail: donaldmcfarlane@michaelpage.com

Michael Page
TAXATION

Australia • China • France • Germany • Hong Kong • Italy • Netherlands • New Zealand • Singapore • Spain • UK • USA

HUMBROL

Finance Director

c £40,000 + FX Car + Bens + 20% Bonus + Equity Opportunity

Humbrol is a £15 million turnover subsidiary of a substantial international investment group.

Our Hull based client, whose products include Airfix and Heller model kits and Humbrol paints and adhesives, is a leading household name. Its products are sold worldwide in more than 60 countries through a network of toy and hobby distributors, as well as major DIY channels.

Committed to a new and aggressive growth strategy, it now seeks to recruit a Finance Director of the highest calibre. Reporting directly to the Chief Executive, you will be responsible for:

- Managing the finance function which will incorporate areas such as monthly management accounts and associated commentaries, statutory returns, cashflow management and projections.
- Administration management and control of data processing and personnel which together with finance incorporates a team of 15 people.

Maintaining, developing and building relationships with other key members of the management team, in areas such as sales, export and manufacturing.

With a proven track record of achievement ideally in manufacturing, you will be a highly commercial hands-on finance professional possessing excellent interpersonal, presentation and leadership skills. An effective and committed team member who is receptive to change, you will be capable of communicating at all levels within the business.

This is an excellent opportunity offering excellent future prospects. If you feel you have the necessary skills and experience, please write in strictest confidence, enclosing a comprehensive curriculum vitae, details of current salary and a daytime telephone number, to James Newman, at Michael Page Finance, Leigh House, 28-32 St Pauls Street, Leeds LS1 2PX, fax number 0113 243 3177, or e-mail: mpf.leeds@michaelpage.com www.michaelpage.com Please quote ref 444443.

Michael Page
FINANCE

Australia • China • France • Germany • Hong Kong • Italy • Netherlands • New Zealand • Singapore • Spain • UK • USA

Lead Accountant

Security Directorate

London up to £44,800

The Prison Service is now a well-established Executive Agency. Sound financial management is essential to the future efficiency of the service, and in common with other Agencies and government departments, the Prison Service is required to introduce Resource Accounting and Budgeting (RAS), accruals accounting and budgeting with a further analysis by aims and objectives. This will initially operate alongside the present Cash Accounting Systems before eventually completely replacing it.

We are now looking for a qualified accountant to initially work alongside the RAS Team to introduce new procedures and systems to produce accruals budgets and accounts for the Security Directorate, which has a total annual budget in excess of £300m. In due course, the position will also acquire a financial and accounting advisory role for the Directorate as responsibility for basic processing and report production transfers to the newly formed Service Delivery Directorate.

You must be a fully qualified CCAB Accountant with at least five years' post-qualification experience in industry or commerce. Experience of preparing accounts for a large company in accordance with the Companies Act is essential, as is the ability to communicate financial matters clearly to non-financial personnel. You should also be able to work within a team environment in a large organisation, and have highly developed knowledge of relevant IT systems. Knowledge of the construction industry, government accounting and detailed experience of handling fixed asset expenditure would be advantageous.

This position will be offered initially on a two year fixed term contract, with the possibility of extension or conversion to permanent status. The starting salary will be between £27,277 to £43,087, depending on qualifications and experience. In addition, a London Weighting Allowance of £1,778 pa is payable, and benefits include non-contributory pension scheme and restaurant facilities.

For further information and an application form, please contact: Joanna Murphy, Headquarters Personnel, HM Prison Service, Room 407, Cleland House, Page Street, London SW1P 4LN. Tel: 0171-217 8342. Fax: 0171-217 6102. The closing date for receipt of completed applications is 18th September 1998.

Applications are invited from candidates regardless of ethnic origin, religious belief, gender, sexual orientation or disability.

The Prison Service is an **Equal Opportunities Employer**

Global Property Services Company

Financial Controller

Central London £45,000+Car+Bens

Our client is a division of the world market leader in real estate services. This acquisitive, US based group is listed on the NYSE and has a turnover of over \$1bn, generated through four main client services: Brokerage, Financial, Institutional Management and Corporate.

The Corporate Services segment provides transactions management, advisory services and facilities management on an international basis, constituting a 'one-stop shop' for major corporate clients. The business is experiencing rapid growth and now requires a talented Controller to contribute to the development of the business throughout the Europe, Middle East and Africa division.

Reporting to a Managing Director and CFO, the successful applicant will be responsible for:

- Developing the Business Plan.
- Assistance in the development of a reporting system to identify all Facilities Management business.
- Setting up new control systems.

Interested applicants should write, in the strictest confidence, to our retained consultants, Nick Brown ACA or David Craig at Walker Hamill Executive Selection, forwarding a brief résumé quoting reference NB 4806. Alternatively e-mail: nbrown@walker-hamill.co.uk

WALKER HAMILL
100-105 Leamington Street
St James's
London SW1Y 6EE
Tel: 0171 839 3444
Fax: 0171 839 5857

Leading US Investment Bank

International M&A and Corporate Finance - Newly Qualified ACAs

LONDON EXCELLENT

Our client is a global investment bank with a leading presence and unique capabilities in mergers and acquisitions, equities and fixed income. It has advised on some of the largest and most innovative M&A transactions in recent years and combines strength in fixed income and equity origination with unparalleled global distribution capabilities. Supported by an exceptionally strong balance sheet, the bank has evolved to become a powerful force in every facet of the securities industry.

Outstanding opportunities for ambitious newly qualified professionals exist within the European Investment Banking Division. Successful applicants will be exposed to a growing international client base, working closely with industry specialists and regional coverage officers. They will be involved with the full range of investment banking activities including M&A, flotations and listings, privatisations, capital raising and strategic advisory assignments.

Candidates of the highest quality are sought:-

- Newly qualified ACAs from a top accountancy firm
- Experience of corporate finance or relevant special projects is useful but by no means essential
- A strong academic background, probably with a 2:1 honours degree or above and first time passes in professional examinations
- Team players with initiative, creativity and flair, together with a high level of motivation and commitment

This is a rare opportunity for ACAs to apply the business skills their professional training has given them in a dynamic US investment bank. Supported by a real commitment to training and development, including attendance on the bank's training programme in New York, successful applicants will be expected to take on early responsibility and play an active role in developing new business leads. The potential for talented individuals to progress in this stimulating and challenging environment is unprecedented and the prospects for remuneration are excellent.

Interested applicants should contact: Ian Jones or Alex Tracey at Morgan McKinley, Wellington House, 125 Strand, London WC2R 0AP. Tel: 0171 557 7222 Fax: 0171 838 3477 email: ian.jones or alex.tracey@morgan-mckinley.co.uk Alternatively, you can also apply via http://taps.com/morgan_mckinley

Morgan McKinley

MMc

HEAD OF INTERNAL AUDIT

EUROPEAN BANKING

CITY

This European Commercial Banking Division of a Global Financial Services organisation provide a range of services to corporate clients, banks and other financial institutions, with a strong reputation in the areas of lending, treasury, trade finance and derivatives trading.

Due to internal restructuring, a new position has arisen for a Head of Internal Audit. The successful individual will be required to identify commercially viable business recommendations, assess risk and supervise projects. Particular emphasis will be placed upon the analysis of transaction flows for new and existing products.

The ideal candidate will bring a track record of project implementation, innovation change management and internal thinking together with the management skills required to operate

effectively in a position of seniority and to be a part of the Bank's Management Committee.

The ideal applicant will have the following attributes:

- a graduate accountant (ideally from a Big 5 environment)
- strong financial services background with at least 10 years' experience within the banking industry
- currently employed in the audit department of a bank or similar institution at Senior Management level
- have the ability to advise and act in a consulting role whilst maintaining the highest standards of professional independence

EXCELLENT

The above position will appeal to those individuals who want to be part of a senior management team within a challenging and stimulating environment where age is no bar to success.

Interested applicants should send a detailed Curriculum Vitae stating current package to Jason Garner or Fiona Laver at Robert Walters Associates, 10 Bedford Street, London WC2E 9RE. Tel: 0171 579 3333, or fax details on 0171 915 8714.

E-mail: fiona.laver@robertwalters.com

Web: <http://www.robertwalters.com>

You may also apply via http://ftps.com/Robert_Walters quoting reference RW167.



ROBERT WALTERS ASSOCIATES



LONDON THAMES VALLEY AMSTERDAM BRUSSELS FRANKFURT NEW YORK HONG KONG SINGAPORE SYDNEY MELBOURNE BRISBANE WELLINGTON AUCKLAND JOHANNESBURG



CABLE & WIRELESS

OUTSTANDING COMMERCIAL OPPORTUNITIES

WATFORD

Cable & Wireless Communications' vision is to lead the world in integrated communications. It's a compelling idea. The Sunday Times called us, 'One of the biggest and exciting companies to be formed in Britain for years'. Such enthusiasm is understandable, as never before have integrated communications been offered on this scale in the United Kingdom. In Cable & Wireless Communications, the pace of change, and opportunity to influence, gives finance professionals the room to make a real impact on commercial decisions. Indeed join the hub of our business at our Watford head office, and you will be free to stretch your accountancy experience and commercial know-how, unhindered by routine.

A number of positions have become immediately available in the reporting group due to the relocation of the head office to Watford. These opportunities range in experience from newly qualified accountants to fully qualified accountants with up to three years' experience.

Key responsibilities for these positions include:

- provision of technical and commercial financial advice to the Group
- strategic financial projects (up to 40% of work load)
- preparation of the Group consolidated US and UK GAAP
- development and production of the monthly and quarterly management reports
- production of interim, preliminary and other financial announcements to the Stock Exchange and SEC
- preparation of all SEC filings
- input and coordination of the statutory accounts for the entire group

These opportunities will require a commercially focused individual to gain a strong understanding of the Group operations and offer exceptional entry points to the company enabling the individual to gain a superb overview of the whole business.

To make a lasting difference, you'll need a good degree and high quality passes in a professional accountancy qualification (ACA/CIMA or ACCA). Complement this with a proactive personality, energy, ambition, and the ability to think of the wider implications, then this will be your defining move to date. The scale and pace of growth within Cable & Wireless Communications, together with our comprehensive management training and development processes, will provide you with unparalleled opportunities to fulfil your potential.

Interested candidates should apply to Alan Lynch enclosing an updated Curriculum Vitae to Robert Walters Associates, 10 Bedford Street, London WC2E 9RE. Tel: 0171 915 8873. Fax: 0171 915 8714.

E-mail: alan.lynch@robertwalters.com Web: <http://www.robertwalters.com>

You may also apply via http://ftps.com/Robert_Walters quoting reference RW169.



ROBERT WALTERS ASSOCIATES



LONDON THAMES VALLEY AMSTERDAM BRUSSELS FRANKFURT NEW YORK HONG KONG SINGAPORE SYDNEY MELBOURNE BRISBANE WELLINGTON AUCKLAND JOHANNESBURG

Lucent Technologies
Bell Labs Innovations



SENIOR MANAGER CUSTOMER FINANCE EMEA

THE NETHERLANDS

Lucent Technologies is one of the major players in the telecommunications industry. The company develops, manufactures and sells a wide range of communication systems and software, public and private networks, consumer and business telephone systems and micro-electronics. With offices across 90 countries worldwide and 130,000 employees the company generates a turnover of approximately \$26 billion.

Due to strong expansion forecasts over the coming years, its Europe, Middle East and Asia (EMEA) head office in Hilversum is now recruiting a Senior Manager - Customer Finance EMEA who provides direct and active support to the strategic partners and customers of Lucent Technologies about the best way to consummate a financing deal. He/she reports directly to the Director treasury EMEA.

The main responsibilities for the role will be:

- leading the search, analysis and negotiation of financing proposals

- managing large project finance transactions including credit analysis, complex modelling of cash flows, risk assessment and optional pricing models
- contacts with internal/external clients e.g. senior business executives representing client organisations, commercial and investment banks, engineering consultants, legal counsel, industry trade groups and government officials
- manage a team of customer finance professionals

Presently working within one of the "Big Five", the financial services sector and/or a leading US multinational and with a minimum of 10 years' work experience, the successful candidate will possess a strong academic background, preferably an MBA.

Exposure to complex international project finance and a thorough understanding of all aspects of lead managing project finance transactions would prove advantageous.

PROJECT FINANCE

Candidate requirements are clear: excellent interpersonal skills with strong analytical qualities, the ability to liaise effectively at all levels both internally and externally and manage a team of professionals is vital to success in this position. Whilst English is the business language a knowledge of one or more European languages would prove advantageous. International travel can be anticipated.

If you are interested in this opportunity, please contact Marjolijn A.M.M. Claessen on the number + 3120 6444 655, or alternatively send your Curriculum Vitae to the following address: Robert Walters Associates, "Bijlmerpark", Amstelg. 166, 1079 LN Amsterdam, The Netherlands. Fax: + 3120 6429 005.

E-mail: marjolijn.claessen@robertwalters.com

Web: <http://www.robertwalters.com>

You may also apply via http://ftps.com/Robert_Walters quoting reference RW168.



ROBERT WALTERS ASSOCIATES



LONDON THAMES VALLEY AMSTERDAM BRUSSELS FRANKFURT NEW YORK HONG KONG SINGAPORE SYDNEY MELBOURNE BRISBANE WELLINGTON AUCKLAND JOHANNESBURG

ING BARINGS

Outstanding Opportunities in UK and European Corporate Finance

London

££Excellent

ING Barings is the corporate and investment banking arm of ING Group, one of the major financial institutions in Europe. ING Barings has a network of offices extending across more than 50 countries in both the developed and emerging markets. We provide a full range of investment banking products, including advisory services in mergers and acquisitions and debt and equity capital markets, as well as sales and trading of a wide range of financial instruments.

Under the leadership of a newly appointed Chief Executive Officer, ING Barings is now poised to realise its objective of becoming a market leader in client-focused global investment banking.

Consistently ranked as a top corporate finance and advisory house, we are now seeking a small number of talented and highly motivated individuals to join our Corporate Finance Division.

Applicants should forward a CV to Guy Townsend or Brian Hamill at Walker Hamill Executive Selection quoting reference GT4700. Alternatively, immediate enquiries may be made to Guy Townsend on 0171 839 4444, or via e-mail: gtownsend@walker-hamill.co.uk

All direct responses will be forwarded to Walker Hamill

ING Barings is the organisation and trade name used by ING Bank N.V. and certain of its subsidiaries for the conduct of its corporate and investment banking business.

**WALKER
HAMILL**
103-105 Fenwick Street
St James's
London SW1Y 0LE
Tel: 0171 839 4444
Fax: 0171 839 5857



HEAD OF FINANCE, IT AND OPERATIONS

SW London to £50,000

This is an excellent career development opportunity for a financial executive looking for a F.D. position to join the highly motivated senior management team of the successful and growing Training and Enterprise Council for SW London, AZTEL, a company limited by guarantee.

Reporting to the Chief Executive, the role is broadly based and carries real responsibility for controlling £16m of sub-contracted activities, designing and executing funding strategy, managing the finance function and IT with a team of 27. As a member of the Senior Management Team he or she will contribute to developing strategies to meet organisational objectives and setting the long term direction of the company.

Candidates must be qualified accountants of graduate calibre, ACA or ACCA, with proven experience of line management in financial and operational functions ideally in a commercially orientated service environment. A good knowledge of IT and the willingness to participate in a fast moving organisation are essential.

The remuneration to be negotiated includes salary to £50,000 and other major benefits.

To apply please send a full CV with current remuneration details in confidence to Michael Hann quoting reference 290 on the envelope by 17 September to:

S.J. JAMES

MANAGEMENT RECRUITMENT
Sandbrook House, 2-4 Old Road Street, London W1X 3TB
Telephone 0171-493 1788 Fax 0171-394 0686



The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world. For information on rates and further details please telephone: Karl Loynton on +44 0171 873 3694



John, in Lito

UK Controller

Direct Seller - Household Products

Exeter - c.£40,000 + benefits

Our client, a US based manufacturer and distributor of branded cleaning equipment, consumables and services, was founded in 1963. A predominantly marketing driven organisation, the group is one of the largest direct mail sellers of household products including brand leader vacuum cleaners - selling throughout the Americas as well as the Orient and Europe. With over 1000 employees world-wide, its revenue last year exceeded \$200 million. UK sales operations were set up in 1992. As part of their commitment to strategic growth, the company plans to expand further into Europe from the UK by replacing existing agency and distributor arrangements with a direct sales team.

Reporting to the US based European Controller, the appointee will be required to set-up the accounting procedures and appropriate IT infrastructure to support the business as it expands, working towards overall responsibility for the UK operations. As a senior member of the management team in Europe, this high profile role offers an exciting opportunity for personal achievement and real career advancement.

Suitable candidates will be well educated, qualified accountants with a working knowledge of US GAAP, with preferably some experience of managing a finance function, and including general management experience outside of finance. Excellent communication skills, a positive management style and a genuine excitement in the business are pre-requisites.

To be considered for this role, please send your curriculum vitae with current salary details and an explanation of how your experience meets the requirements to Gemma Jenkin, Ernst & Young Executive Search & Selection, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 3NH, quoting reference GJ267. Tel 0171 931 2867, Fax 0171 931 1022 or e-mail: gjenkin@ec.ernst.co.uk

ERNST & YOUNG

The United Kingdom firm of Ernst & Young is a member of Ernst & Young International

Head of Finance and Operations

M40 Corridor - c. £45,000 + bonus, car & benefits

Our client is the UK subsidiary of a NASDAQ listed, rapidly expanding world wide business specialising in the design, manufacture and sale of cosmetic products for the medical sector. The UK company is a sales and distribution business employing 15 people with current sales of £3m which is anticipated to grow significantly in the short/medium term.

Reporting to the Managing Director, you will be responsible for the overall running of the Finance, IT, Customer Service and Logistics functions, with an initial emphasis on the development of pertinent financial and management information, and reporting to the European head office. You will become actively involved in wider commercial aspects of the business, such as risk/benefit analysis, contract negotiations and advising on development of the business into new products areas.

This is a high profile business development opportunity. You will be a qualified accountant

who is already a senior finance manager within an import and distribution business, preferably within the hi-tech sector. Your technical accounting abilities are strong, but you are also capable of making a significant commercial contribution to the running of the business and are able to relate well to non-finance managers. Familiarity with warehousing, logistics, and IT would be advantageous.

Please send your curriculum vitae together with an explanation of how you believe you meet the criteria for this position and details of current salary to Tim Hastings, quoting reference TH 268 at Ernst & Young Executive Search & Selection, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 3NH.

ERNST & YOUNG

The United Kingdom firm of Ernst & Young is a member of Ernst & Young International

KPMG

Senior Internal Auditor

Central London

c. £50K + benefits

Our client is the management consultancy division of a \$15 billion organisation. Founded in the US, it now has a global network of 65 offices providing consulting services covering all practice areas. Recent years have seen considerable growth, particularly in the UK office, where fees have increased by over 20% annually.

The organisation has established this new position to report to the Director of Internal Audit, who is based in the USA, and work with other audit staff who are located in mainland Europe. The role is one of both operational and financial audit and will probably require the individual to travel extensively in Europe. It is anticipated that the appointee will grow the function into a commercial, profit focused operational entity that can add real value to the business.

Likely to be aged around 30, the successful candidate will be a qualified accountant with audit experience gained in a "Big 5" firm or major corporation within internal audit. Experience in finance areas in addition to audit would be beneficial. You will need to be able to identify financial and operational control issues and propose appropriate workable solutions. You will need to be a pro-active self starter able to work with all levels of management.

Interested candidates are requested to send comprehensive CVs and salary details, quoting reference A1009 to Tony Saw, KPMG Selection & Search, 1-2 Dorset Rise, Blackfriars, London EC4Y 8AE.

KPMG Selection & Search

INTERNATIONAL FINANCIAL CONTROLLER

CLIFFORD CHANCE

c. £70,000 package

London

Clifford Chance has the vision to become the world's premier law firm. It is an integrated, multinational business with over 1800 lawyers in 24 offices worldwide. Like its professional activity, its financial management aims to be at the leading edge of innovation and best practice.

This position leads the team responsible for all financial planning, analysis, control, accounting and reporting for the firm's offices outside the UK. Building close relationships with local finance staff, you will ensure a global standard of financial management comparable to best practice in any international organisation.

You will be a graduate accountant with broad international experience from a sophisticated business to business services group. Key personal qualities are high intellect and first class leadership and communication skills.

Please write, in confidence, with a full CV to Criterion Search, 50 Regent Street, London W1R 6LP, UK, quoting ref: 3033. Telephone: +44-171-470-7108. Fax: +44-171-470-7171. e-mail: mail@critterionsearch.co.uk

CRITERION SEARCH
PART OF THE CURZON PARTNERSHIP

GROUP FINANCE DIRECTOR

FTSE 350 PLC

West of London

Six figure package + LFP

The company is a well established, UK focused, business services group. A leader in its sector, both in quality and profitability, it has an unbroken record of organic growth.

This Main Board Position carries full responsibility for an established, efficient finance team delivering accurate and effective budgeting, management, financial and statutory accounting. You will be expected to be proactive in continuously improving business efficiency and will play a critical role in investor relations.

You will be a Chartered Accountant with a record of real success and achievement from a significant service business or a relevant role in the profession. Strong, succinct communication skills are essential as is a down-to-earth, unstuffy, hard working personality.

Please write in confidence, with CV and remuneration details to, Criterion Search, 50 Regent Street, London W1R 6LP, quoting ref: 3032. Tel: +44 171 470 7212. Fax: +44 171 470 7171.

CRITERION SEARCH
PART OF THE CURZON PARTNERSHIP

A WEALTH OF EXPERIENCE

City

c.£45,000 - £50,000 + benefits

One of the UK's leading banks, the Halifax is investing in the future. Highly respected for our long-line of achievements, we are currently seeking to add to our vast wealth of talent.

A cornerstone for business development, our expanding Treasury team is making the transition from a funding and liquidity management service function to a major profit centre. Aiming to greatly increase both the volume and range of instruments traded, we have identified a need for two experienced professionals with a blend of treasury and audit skills to help establish an operation in London to complement our Halifax based team.

Having in-depth auditing and risk management experience gained in a wholesale bank, you will also contribute to the ongoing development of our central framework.

TREASURY AUDITOR

A committed team player with around 4 years' experience in an audit banking environment, you will undertake audits using a risk-based approach, covering the trading and back office activities of such instruments as on/off balance sheets, F/X, options, repos, FRAs, Swaps and various interest rate products.

TREASURY IT AUDITOR

With the credibility to establish yourself as a key member of our team addressing audit issues relating to the implementation and development of major new trading, back office and risk system projects. A knowledge of such systems as ACBS, ALFA, AXIOM, QRM and MIDAS would be desirable.

Whilst a relevant qualification would prove advantageous, both roles demand excellent interpersonal skills and the ability to both implement and harness change.

These are excellent opportunities to add to your wealth of skills and offer a highly attractive salary and benefits package, including relocation where appropriate.

To apply for one of these highly rewarding roles, please write with your CV and details of your current remuneration package to: Catherine Newbould, Personnel Officer, Group Audit, Halifax plc, Commercial Street, Halifax, West Yorkshire HX1 2RG.

Closing date: 18th September 1998.



Equal opportunities for all - our policy is as simple as that

Appointments Advertising

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.

For information on advertising in this section please call

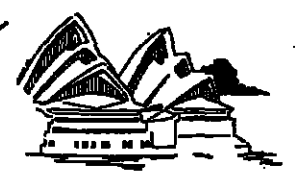
Eli White on 0171 873 3456

Karl Loynton on 0171 873 3694

Ben Bonny James on 0171 873 4015

Financial Times

Recruitment Consultancy Australia



Join one of Australia's high profile market leaders

Hamilton James & Bruce is one of Australia's TOP Executive Selection and Search organisations with offices in Sydney, Melbourne and Parramatta.

We are recognised as market leaders in Accounting and Finance, Banking, Corporate Affairs and Communications, Information Technology & Telecommunications, Legal and Sales & Marketing appointments.

We are the industry benchmark in Australia by any number of definitions including the quality of our clients, the volume of retained assignments, the level of profit share and the stability of our team.

As we enter a new phase of our development, we wish to recruit consultants who have between two and five years experience in executive recruitment (either permanent or contracting) to work with a portfolio of quality blue chip corporates and financial institutions. You will enjoy working in an environment that allows individuality, personal development and provides a team structure where you can use your experience and business generating ability to take your career into a new and more rewarding phase.

From a career perspective there are various opportunities for you to progress within our organisation which include relocating back to the UK in due course when we establish our local presence. Three of our five Directors are of UK origin.

We offer a compensation package that is regarded as the highest in our industry and in addition a relocation package.

Interviews will be held in London between 14th September - 19th September, 1998.

Interested applicants should contact Allan Marks before 10th September 1998, as follows:

Telephone 00 61 2 9299 2711 (Australia 9 hours ahead)

Facsimile 00 61 2 9299 3184, E-Mail amarks@hjb.com.au

Please visit our website: www.hjb.com.au

HJB Hamilton James & Bruce
Sydney • Melbourne • Parramatta

Business Review Manager

c. £50,000 package

Rank Group

Central London

The Rank Group Plc, £2 billion turnover... leading international leisure and entertainment group, employing some 40,000 in the UK, USA and Continental Europe. Major player in cinemas, bingo, casinos, night-clubs, multi leisure centres, themed restaurants, holidays and film and entertainment services. High profile brands include Hard Rock, Mecca, Odeon, Tom Cobligh, Butlins, Haven, Warner and Oasis. Currently the Group is undertaking a major investment programme which, together with increasing focus on the major brands and vigilant cost control, is targeted at delivery of improved shareholder value.

Play a key role in the Group's financial management... working closely with the central finance team and the businesses on financial reporting, budgetary control and capital expenditure processes. Undertake wide ranging financial projects related to the development and profitability of the businesses.

High calibre graduate accountant... two to four years post qualification experience gained with blue chip organisation noted for excellence of management and financial systems, or senior management level in a major international accounting firm. Proven technical accounting and commercial skills with a substantial systems background; experience with Hyperion Enterprise an advantage. First class interpersonal, communication and presentation skills essential as is potential to take on more senior management role in due course.

Please apply by sending your CV quoting reference R98262 and stating current salary

BIR

B-I-Recruiting
24 Queen Anne's Gate
London
SW1H 9AA
Fax: 0171 222 8838

INTEGRATED RESOURCING SOLUTIONS

SEARCH SELECTION INTERIM EXECUTIVE

et.Works

The FT IT

Recruitment section

is also available

all week on

www.FT.com

The Institute of Chartered Accountants in England and Wales

Results of Final Examination held in July 1998

List of Successful Candidates

PASS LIST

A
Abbott K.J. Nottingham
Adams E. Birmingham
Adams P.C. Bracknell
Adamson I.W. Rochester
Addy N.C. Leeds
Adler D.M.E. London
Adlington D.J. London
Adnett R.J. Manchester
Aggarwal S. London
Agnew J.A. Manchester
Aguiter H.E. London
Ahmed M.F. Leicester
Ahmad A. Hackmondwike
Ahmed W. Bristol
Alkhalaf C. Manchester
Alcock P.M. Bristol
Algoe S.J. London
Alibhai N.M. London
Ailing T.K.L. Slough
Alcock J. Manchester
Allen H.J. London
Allen M.J. Bromley
Allison R. Leeds
Alvey P.A. London
Amad A. Windsor
Anderson D.C. Uxbridge
Appiah A.A. London
Appley W.A. Reading
Applegate S. Trowbridge
Appleton G.R.M. London
Appleyard L.J. Chorley
Archbutt J.L. London
Ardoun J.M. London
Aristotelous D. Nicosia
Armstrong C.N. London
Arncliffe J.R. Chesham
Arnold J.L. London
Arnold V. Norwich
Ashcroft J. London
Ashley F.E. London
Ashley M.E. London
Ashion M.C. Croydon
Asquith G.E. Croydon
Atkinson C.H. Crawley
Atkinson R. Leeds
Avery J. London
Ayling K.J. London
Azoulay R.A. London

B
Back G. Liverpool
Baldley J.C. London
Bailey A.J. Reading
Bailey P.A. Manchester
Baker E.D. London
Baker J.D. London
Baker J.S. London
Baker P.W. Slough
Baker R.L.D. Kingston-Upon-Thames
Bakrania R. Northampton
Ball A. Bristol
Ball A.G. Milton Keynes
Ball M.A. Ramsey
Balmer A.D. Milton Keynes
Banerjee I. London
Banfield S.J. Windsor
Banger-Jones C.S. Liverpool
Banks A. Nottingham
Banks G.E. London
Bannister N. London
Barber K.J. Cambridge
Barber A.J. Cambridge
Barber E.P. Windsor
Barber J. Cardiff
Barnett N.J. Reading
Barnfather V.J. London
Barnard N.C. Cambridge
Barnett J.M. St. Albans
Barnett J.D. London
Bartlett C.E.N. Manchester
Bartlett J.G. London
Barton T.P. Ipswich
Bassier A.G. Oldham
Basma A.J. Bristol
Bassi N. Edinburgh
Bastick L. Chesterfield
Bateman C.M. Leeds
Bateman M.J. London
Bateman M.N. London
Batty M.J. Leeds
Bavestock G.J. Croydon
Bensley E.K. London
Bentley N.M. London
Bentham S.E. Birmingham
Bentham C.J. Crawley
Bechey J.D. Harnham
Beckley L.A. Manchester
Beckley R.G. London
Beer D.A. Bristol
Beer I.S. Reading
Beckley D. Manchester
Belchem G. London
Bell A.J. Grimsby
Bell R.D. London
Bell S.E. Uxbridge
Behlkar R.A. Reading
Benbridge E.J. Leeds
Bennett G.A.M. Wembley
Bennett R. Southampton
Bentham T.P. London
Berry N.D. Southampton
Berry S. Swindon
Berry S.A. Newcastle Upon Tyne
Besant Roberts H.A. Stockport
Betheridge D.E. York
Bettinson P.R. London
Billington S.K. Truro
Birkhead P. Birmingham
Birkett N.C. Liverpool
Bishop N.D.C. London
Bithal M.K. London
Black N. Jersey
Blomfield P.R. London
Blomfield J.N. Peterborough
Blundy D.W. London
Boazman S. Birmingham
Boggon J. Radcliffe
Bolton A. Manchester
Bommer A. London
Bond J.E.S. Reading
Bond N.D. Middlesbrough
Bowler L.J. Manchester
Booth A. London
Booth N.W. Dorking
Booth C.J. Bracknell
Borg R. Bristol
Bosch F.M. London
Boston D.J. London
Boulton I.S. Derby
Bowers P. Worcester
Bowyer S.D. London
Bowley A.J. London
Bowley P.R. Reading
Bowman L. London
Bowman N.M. Leeds
Bowman E.J. Northampton
Boyer M.R. London
Bradbury A.M. London
Brace S.C. Plymouth
Brathwaite M.F. Reading
Brand J.C. Uxbridge
Brennan M.C. Ex-leigh
Brett A.J. London
Brewer M.G. Bradford
Brierly A.S. London
Brimley J. London
Brookes D. Scarborough
Brookbank J.R. London
Bromberg A.D. London
Brough V.R. London
Brown A.M. London
Brown K. Epsom
Brown N.M. Norwich

Brown P.E.L. London
Brown S.R. Reading
Brown S.C. London
Brugere J.G.C. London
Bruton D.M.T. London
Brutus S.L. London
Buckle C.A. Liverpool
Buckley C. Leeds
Bukhari Z. London
Bullock E.C. Birmingham
Bunch M.E. London
Burchett P.I. Manchester
Burison D.J. London
Burton C.J. Birmingham
Burton G.M. London
Burns A.R. Crawley
Burns M.A. Crawley
Burris M.W. Cardiff
Bush D.J. Leicester
Bushell E.A. London
Butland A.R. Southampton
Butler M.K. Chesham
Butt W.A. Manchester
Butter C. Reading

C
Cade M. Leeds
Caines L. London
Caldwell A.L. Manchester
Caldwell S.C. London
Cameron J.I.D. Stoke-On-Trent
Cammack N.J. Nottingham
Camp M.K. Manchester
Campbell D.K. London
Capewell P.A. Leeds
Carbuth C. London
Carter E.S. Albans
Cardiff M.J. Crawley
Cargill-Thompson E. London
Carmichael J. Manchester
Carpanini A.M. London
Carrington J.P. Norwich
Carter A.C. London
Carter R.J. Norwich
Carter Shaw N.P. London
Cassner S.M. London
Cavey M.C. Southampton
Chadwick F.P. Manchester
Chamberlain J.E.V. Leicester
Champion M.A. Exeter
Chan C.W. London
Chan K.S.Y. Hove
Chantrill S. Nottingham
Charalambous G.N. Larnaca
Charlton J.W. Leeds
Charwood J.A.J. Bromley
Chatterjee R.A. London
Chenham A.P. Nottingham
Chellam C. Sheffield
Cheng R.Y.C. London
Chin S.E.L. London
Chopra S.K. London
Christodoulou P. Nicosia
Church S.M. Exeter
Clare S.G. Hull
Clark E. Luton
Clark G.J. London
Clark J.E. London
Clark L.F. London
Clark W.D.B. Leeds
Clarke A.R. Southampton
Clarke D.R. London
Clarke J.R. London
Clarke J. London
Clarke K.L. London
Clarke R.D. London
Clarkson A.J. Manchester
Clay S.L. Leeds
Clayfield J.G. London
Cleary M.P. Manchester
Clifford G. Winchester
Clifton J.R. St. Albans
Cockings C.L. London
Coffey P. Birmingham
Cohen G.S. London
Cohen P.B. Bristol
Coles D.M. Storrington
Coles D.P. London
Collier S.E. Bristol
Collier T.D. Cannock
Collings A.C. London
Collins E. London
Collins J.A. Leeds
Collins J.M. Wallingford
Collis J. Birmingham
Collins M. London
Collins R.J. Southampton
Cottman J.D. London
Coomes J.E. Reading
Conroy S.E. Milton Keynes
Conway M.E. Hemel Hempstead
Cook A.C. London
Cook C.I. London
Cook H.J. London
Cooke G.E. Sheffield
Cooper N.C. London
Cooper A. London
Cooper B.L. Liverpool
Cooper D. Leeds
Cooper F.L. London
Cooper W.J. London
Copley S.P. London
Cotton J.R. London
Couch M.A. Birmingham
Counins R.A. Southampton
Coward R.S. Ware
Cowan C.B.P. London
Cowie K.M. Douglas
Cox H.A.M. London
Coy G. London
Crabbe D.F. London
Cracknell L.M. London
Cradock S.R. Milton Keynes
Craig E.G. Manchester
Craighad A.F. Nottingham
Crane S.E. London
Cripps P.J. Nottingham
Crispini D. Guernsey
Croft J. Newcastle Upon Tyne
Crombie R.A. London
Crosby S.G. Manchester
Crouch A.P. Rochester
Crouch S.J. London
Crow R.W. Trowbridge
Crowther A. Sheffield
Croxon R.A. St. Albans
Crozier J.D.W. Reading
Cullen S.L. Cambridge
Cunliffe J.P. Woking
Currimbhoy S. London
Curtis N. Uxbridge
Curtis T. Oxford
Cutts A. Leeds
Cutts K.M. Reading

D
Da Costa Z.E.N. London
Dalrymple M. London
Dakin J. York
Dallboth R.J. Trowbridge
Dale G. Leek
Dallow J. West Bromwich
Dally J.A. London
Damania D. London
Daniel C. Newcastle Upon Tyne
Darracott S.J. Guildford
Davay E.A.J. London
Davidson E.B. Reading
Davidson M.M. Manchester
Davies A.J. Leicester
Davies A.P. Jersey
Davies D. London
Davies D.J. London

Davies D.P. Newcastle Upon Tyne
Davies H.J. Swansea
Davies I.M. Southampton
Davies J.C. London
Davies J.A. Northampton
Davies K.A.C. London
Davies L.M. Cardiff
Davies M.N. Birmingham
Davies P.R. Birmingham
Dawson K. Birmingham
Dawson N.A. Middlesbrough
Dey W.A. Southampton
Daykin S.E. Cambridge
De Groot A.J. London
Deacon S.J. London
Deakin P.J. Bristol
De'Ath P. Bristol
Della M.J. Southampton
Dennett N.J. London
Denning M.P. St. Albans
Derrick J.L. Norwich
Derivation A.D. Birmingham
Devonney S. London
Devereux A. Warrington
Devonport S.L. London
Dewberry P.R. London
Dickinson J. London
Dickson M.R. Manchester
Dina P. London
Dobson R.I. Knaresborough
Docherty J.A. London
Donoghue K.J. London
Doran P. London
Douglas Stephen (2496) Harrogate
Douglas Steven (2194) Birmingham
Dowse C.L. Tuxton
Draper J.E. Bradford
Drean G.R. Nottingham
Driver T.A. Crawley
Drizan N.S. London
Drummond J.A.D. Slough
Ducat E.M.D. Crawley
Duckworth N.A. Newcastle Upon Tyne
Duffy N.J. Leeds

Order of Merit and Prizes
First Place in the Order of Merit and the Peat Prize
Robert William Stone (Ernst & Young), Reading
Second Place in the Order of Merit and the Deloitte Prize
and the *Carter Prize for the Paper on Advanced Taxation*
Fiona Louise Cooper (Deloitte & Touche), London
Third Place in the Order of Merit (equal) and the Fletcher Prize
and the *Walton Prize for the Paper on Business and Financial Management*
and the *Quiller Prize for the Paper on Auditing and Financial Reporting*
Edward James Jenkins (PricewaterhouseCoopers), London
Third Place in the Order of Merit (equal) and the Stratton Prize
Douglas Bruce Walkinson (Arthur Andersen), Reading
Fifth Place in the Order of Merit and the William G. Fraser Prize
Thomas Curtis (Wern Townsend), Oxford
Sixth Place in the Order of Merit and the Tattersall Walker Prize
Nicholas Robert Thomas (PricewaterhouseCoopers), Nottingham
Seventh Place in the Order of Merit
Caroline Ann Walker (KPMG), Liverpool
Eighth Place in the Order of Merit (equal)
Rosaleen Susan Hanford (PricewaterhouseCoopers), Reading
Christopher Henry Francis Yates (PricewaterhouseCoopers), London
Tenth Place in the Order of Merit (equal)
Celia Helen Atkinson (KPMG), Crawley
Zoe Julie Clare Hancock (PricewaterhouseCoopers), Reading
Twelfth Place in the Order of Merit (equal)
Julia Mary Heenan (PricewaterhouseCoopers), London
Stephen John Jacob (Arthur Andersen), Reading
The Whitley Prize for the Case Study
Andrew James Bell (Forrester Boyl, Grimsby)
The Lanyon Prize for the Case Study
Jeffrey Allan John Charlwood (BDO Stoy Hayward), Bromley

E
Dunbar H.M.B. Milton Keynes
Duncan G.S. Norwich
Dunne C.V. London
Dunster A.D. London
Durrance S.R. London
Dunne N.A. Nottingham
Dyas A.M. London
Dyas L. Stoke-On-Trent
Dyer R.L.C. Torquay
Dyson C.L. London
Dyson C. Birmingham

F
Eagle N.D. Birmingham
Eames C.E. London
Earl V.E. London
Earnshaw M.D. Leeds
Edwards F. Manchester
Edwards H.S. Cardiff
Edwards K.F.R. Brighton
Edwards P.S. Havant
Edwards S.W. Manchester
Edwards C. Limesol
Elder J. London
Elliot R.M. Crawley
Ellis A.L. London
Ellis S.S. London
Elton R.J. London
Emmerson D.J. London
English S.P. Leicester
Erskine K.A. Leeds
Evans A.E. Sheffield
Evans C.M. London
Evans G.L. London
Evans K.D. Sheffield
Evans S.E. London
Evans S. Swindon
Ewing M.C. Manchester
Ewing M.N. Sevenoaks
Eyre G.P. Birmingham

Farebrother R.E. Uxbridge
Farand-Laine C.M. London
Fau L. London
Faulkner R.C. London
Fedayeva E. London
Fenton P.J. Northampton
Ferguson P. Newcastle Upon Tyne
Ferrers-Dunn S.J. Southampton
Fidock I. London
Field C. Birmingham
Filer L.J. Christchurch
Fillery R.J. Birmingham
Fine A.K. London
Finley H.R. London
Firth P.J. Manchester
Fish A.S. Bradford
Fish J.M. London
Fisher C.N. Manchester
Fisher D.J. London
Fisher R.J. London
Fitch M.S. Liverpool
Fitzgerald A.J. London
Fitzgerald M.G. London
Fitzsimmons S. London
Flackett D.A. London
Flavin K. Manchester
Fletcher E.A. London
Fletcher M. Wolverhampton
Fletcher N.C. Leicester
Flint M. Cambridge
Flowers R.D. London
Folwell K. Leeds
Foo T.A. London
Ford M. Lowestoft
Ford J.M. London
Ford R.W. London
Forsyth M.J. London
Foster E.J. St. Albans
Foster G.A. Ramsey
Foulds P.E. Bracknell
Fowles C.A. Manchester
Franks M. Birmingham
Fraser B.P. London
Fraser G.C. Nottingham
Freeman D.N. London

G
Gibbith B.D. London
Giles L.J. Bracknell
Gillard S.M. Lincoln
Gillmore P.C. Birmingham
Gillroy A. London
Galloway J.E. Southampton
Garnson P.J. London
Gassaway M.E. Southampton
Gardner D.J. London
Garrett F.M. Uxbridge
Garrett S.G. Sunderland
Garvey V.E. Newcastle Upon Tyne
Gatutha P.M. London
Gaunt C.J. London
Georgiadou M. Nicosia
Geyman S.J. London
Gibbs B. Chorley
Gibbs B.M. Bristol
Gibbs D.K. London
Gibbs S. Leeds
Gibson M. Leeds
Giddens J.C. Manchester
Gill A. Birmingham
Gill D.B. Preston
Gillott I. Birmingham
Gleadow J.A.S. Leeds
Gladhill N.S. London
Glead C.L. Reading
Glyn C. Manchester
Glyn L.E. Manchester
Gould R.J. London
Goulter J.M. Hull
Goddard C.M. London
Gorasia S. Manchester
Gordon G.C. London
Gordon-Smith D.R. Maidenhead
Gosal P.K. London
Gosling C.L. Manchester
Gourlay A.R. Nottingham
Gouw P.J. London
Grace S.J. Hertford
Graham T.J. Sheffield
Grant D.A. London
Grant F.M. London
Gray A.W.E. London
Gray D.H. Sheffield
Gray K.L. Bristol
Gray K.M. London
Gray N.P. London
Grayson L.M. Tunbridge Wells
Green M.C. Leeds
Green R. London
Green V.R. London
Greenall C. London
Greenfield A.J. London
Greenwood I.R. Manchester
Gregg P.M. London
Griffith R.W. Liverpool
Griffiths A.A. Nottingham
Griffiths J.M. Manchester

H
Haddath C.L. Manchester
Hague D.I. Leeds
Haider S. Hull
Haile-Woldemariam M. Loudwater
Haile J.E. London
Haile L.C. London
Haile D.J. London
Halfpenny S.E. London
Halfpenny J.C. Walton-On-Thames
Hall M.P. London
Hall P.L. London
Hallam J.E. Nottingham
Halliday S.P. Slough
Hamer V. Bury
Hamilton G.F. London
Hammond A. Birmingham
Hampton S.A. Leeds
Hancock Z.J.C. Reading
Hamford R.S. Reading
Hannon J.E. Newcastle Upon Tyne
Hannah K.L. Twickenham
Hannam G.P. London
Hansen J. Southampton
Hanson E. Rugby
Harden R.J. London
Hardman M. London
Harding D.J. Birmingham
Harding J.A. London
Harding J.T. Watford

I
Iacovides P. Nicosia
Ioannides K.A. Nicosia
Ioannou S.A. London
Irani E. London
Irving M. Newcastle Upon Tyne
Isenmann W.G. Southampton
Isa D.J. Cambridge

J
Jablonski A.D. Ware
Jablonski R.A. London
Jack T.A. Manchester
Jackson A. Birmingham
Jackson A.R. London
Jackson J.M. St. Albans
Jackson R.P. Guernsey
Jacob S.J. Reading
James A.P. London
Jayaraj S.J.M. London
Jenkins E.J. London
Jenkins N.J. Bristol
Jennings J.P. London
Jephcott R.S.A. London
Jiggins M.F. London
Johal P. London
John A.M. London
Johnson A. Crawley
Johnson A.K. London
Johnson P.W. Leeds
Jones A.J. Newcastle Upon Tyne
Jones A.R. London
Jones A.K. Cardiff
Jones C.A. Southampton
Jones D.M.A. Nottingham
Jones G.M. Manchester
Jones K.J. London
Jones Louise (2254) Birmingham
Jones M.P. Liverpool
Jones M.A. London
Jones S.A. Guildford
Jordan M.C. London
Joy E.D. Leeds
Jukes N.M. Leicester

K
Kadish S. London
Kadish P.J. Cardiff
Kadish M.J. Cambridge
Kadish D.A. London
Kadish F.M. London
Kadish A.W.E. London
Kadish D.H. Sheffield
Kadish K.L. Bristol
Kadish K.M. London
Kadish N.P. London
Kadish L.M. Tunbridge Wells
Kadish M.C. Leeds
Kadish R. London
Kadish V.R. London
Kadish C. London
Kadish A.J. London
Kadish I.R. Manchester
Kadish P.M. London
Kadish R.W. Liverpool
Kadish A.A. Nottingham
Kadish J.M. Manchester

John J. J. J. J.

Kamaluddin J.D. London
Kapoor P. Manchester
Kapoor S. Windsor
Kassir W. Brighton
Kay R.S. London
Kauring E. Leicester
Keeble Z. Norwich
Kelly J.R. London
Kemp M. Birmingham
Kennedy C.H. Manchester
Kennedy C.L. London
Kernath B. Northampton
Kershaw A. London
Kessler E.N. London
Key C.J. Windsor
Key S.E. Sheffield
Khokhar J.K. Reading
Khalid N. Leeds
Khan A.R. London
Khan H.B.D. London
Khan N.J. London
Khan N. Harrow
Khaib L.H. Reading
Khatir S.O. Luton
Khuroja M.V. London
Khurana M.R.S. London
Kilby S.P. Manchester
Kin J.L. Ewell
Kindron R.T. London
King D.B. London
King H.L. Douglas
King J. Southampton
King M. London
King S.Y. Bracknell
King V.A. Leicester
Kirby A.R. Cambridge
Kirkby R.J. London
Kirkwood P. London
Kitchin S.J. Sheffield
Knight A.L. Crawley
Knight G.J. London
Knights C.A. London
Knockes K.S. Cambridge
Knudsen-Davies A.H.J. Manchester
Kooner S. London
Koti A. St. Albans
Kowalski A.R. Birmingham
Krisanthan J.C. London
Kucharsky A.M. Southampton

Lacey M.J. London
Lacey-Smith P.A. London
Lagumaska K.K. London
Laing A. London
Laird R.J. Manchester
Lambert C.L. St. Albans
Lambert K.L. Manchester
Lambert P. Southampton
Lamers P.M. London
Lamont A.H.H. London
Lamprell A. Manchester
Land C.J. London
Larkin M. Manchester
Latif S.Y. London
Lau G.A.N. London
Laughlin J.M. Guernsey
Lavery D.L. Jersey
Lawrence C.S. Norwich
Lawrence T.P. London
Lawson W. Liverpool
Lawson J.S. St. Albans
Lawson J.J. Manchester
Lawton A.D. Bristol
Lavery D.A. Manchester
Lodman A.P. London
Lee A.P. London
Lee D.A. Gloucester
Lee J.S. London
Lee K.A. London
Lee S.B.J. St. Albans
Lee M. Enfield
Lewell T.L. London
Leslie D. Bristol
Leteney P.Z. Hull
Lett J.W. London
Lewis B.J. London
Lewis G.A. London
Lewis S. London
Lj B.M.B. London
Lighter A.P. London
Liew A.P. London
Lightley I. Cardiff
Lim K.S. London
Linton P.I. London
Livingstone R.C. London
Llewellyn J.D.S. Birmingham
Llewellyn-Ross E.L. Hayes
Lloyd E.D. London
Lusk D.P. Reading
Loh A. London
Lumhard C. London
Lundson R.J. London
Lurgrove T.C. London
Lynch H.O. Sheffield
Lowe K.V. Stoke-On-Trent
Lowe S.A. Leicester
Lucas G.A. Northwich
Lucas S.A. London
Lucy J.C. Brighton
Lundson G.J. Reading
Luscombe C.D. Ipswich
Lynn K.J. London
Lynan D.H. Leeds
Lynch N. Leicester
Lyne J.M. Swindon
Lyon R. St. Albans

Mechan R.J. London
McCarthy D.L. London
McCloddy F. Swindon
McConkey M. Cambridge
McCreedy A.I. Birmingham
McCreedy N.E. London
McDonald D.P. Preston
McDonald E.J. London
McFarlane W.J. London
McGrady M.R. Newcastle Upon Tyne
McGrady M.R. London
McGuinness K.Z. Luton
McKraith L. London
McKean P.T. Cambridge
McKenzie J.A. London
McLaren J.C. London
McLean A.S. Manchester
MacLennan C.F. London
McMahon J.P. Liverpool
McMahon O.M. London
Mentel H.C. London
Mencholls K.E. London
Mcpartlin G. London
Mcpherson J.A. London
Mero S.J. Cambridge
Maddocks A.C. London
Maddley C.A. Leeds
Magesha S.H. London
Mahal M.S. London
Mahapatra P.K. Harlow
McLaren D.D. London
Malik A. London
Mukolm R.P. Nottingham
Male M.T. Leeds
Males J.C. Eastbourne
Malik A. London
Man D.K.W. London
Man G.N.B. London
Manamkey C.P. Scarborough
Mandoo V.A.G. London
Mann R.S. London
Manton S.N.E. Leatherhead
Manton G.C. Southend-On-Sea
Maple O.N. London
Marchant A. London
Marchant N.N. London
Margit S.N. London
Marland J. Birmingham
Marr R.D. Newcastle Upon Tyne
Marsden R.W. London
Marsh C.J. West Bromwich
Marshall J.P. London
Marxton H.K. Reading
Martens C.T. Bristol
Martin A.L. Nottingham
Martin C.J. London
Martin E.K. Northampton

Martin G.D. London
Martin N. Birmingham
Martin S.E. Norwich
Maslen L.C. London
Maslin S.J.K. London
Masters J. London
Masters R.K. Bristol
Mather P.J. Liverpool
Matik M. London
Matthews D.K. Leicester
Matthews J.E. Walton-On-Thames
Matthews J.S. Reading
Mawbey N.W. London
Mawson E. London
Maynard B.W. Birmingham
Maynard R.J. Manchester
Maynard W.W. London
Meadows R.V. Croydon
Meadows S.N. Birmingham
Meehan M.P. London
Melhuish E. London
Melton K.L. Norwich
Menardi F. Leeds
Meron G. London
Merrill P.D. Lincoln
Merson A.L. Ashford
Metzger J.H. London
Metcalfe T.J. London
Mignot J. Guernsey
Mifford N.D. Manchester
Miller F.C. Basingstoke
Miller K.B. Manchester
Miller J.M. Tunbridge Wells
Miller S.A. Birmingham
Mills A.J. London
Miles C.S. London
Miles-James R.L. Nottingham
Minchew S.E. Cardiff
Misty D. Manchester
Moffett C.W. Newcastle Upon Tyne
Moffett G.E. London
Mohamed N. St. Albans
Monkhouse R.E. London
Montague M. London
Montague W.E.H. Sheffield
Moody A.T. Reading
Moore E. Manchester
Moore J.A. London
Moore L.M. Derby
Moore S.J. Manchester
Morfill L.C. London
Morgan A.K. Cardiff
Morgan C.R. London
Morgan J.M. St. Albans
Morgan J.W. London
Morgan N.T. London
Morgan R.L. Bristol
Morgan S.P.C. London
Morrell R. Leeds
Morris A.P. Nottingham
Morris D. Sturminster
Morris D.J. London
Morris K.E. Reading
Morris S.P. Bournemouth
Moss A.S.J. London
Moulden K.R. London
Mountain D.J. London
Mousley M.L. Basingstoke
Muirhead J.C. Liverpool
Murphy R.F. London
Murphy S.F. London
Musikant D.W. London
Musselwhite S. London
Myers C.C. Jersey
Myers P.C. Manchester

Nason G.R. London
Nash T.I. London
Nash M.J. Newcastle Upon Tyne
Navato G.R. London
Nayor P. Jersey
Naylor J.S.J. London
Neal S.D. Brighton
Neal S. London
Neeldham D. Leeds
Neeve P.J. London
Negus C.H. Manchester
Nesley P.J. Manchester
Newborough D.M. Leicester
Newman A.C. London
Newstead J.A.W. Leicester
Newton W.P. Stoke-On-Trent
Nicholas A.P. London
Nicholls B. Nottingham
Nicholls K. Swanssea
Nichols D.J. London
Nichols L.A. Usbridge
Nicholson B. Basingstoke
Nicholson P. Middleborough
Nicholson A.J. Canterbury
Nisar S. Croydon
Nisbett M.P. London
Nixon K.K. Newcastle Upon Tyne
Njoroge A. London
Norman C.E. Plymouth
Norman R. Exeter
Normington J.P. Blackburn
Norton J.A.J. London
Nott P. Nottingham
Nunn M.G. London
Nunney C.F. Crawley
Nuttall S.L. Cambridge
Nuttall T.H. Manchester
Nwachuka L.C. Reading

Oates A.G. Dudley
O'Brien A.K. Cardiff
O'Brien E.A. London
O'Connell M. St. Albans
O'Connor M. Leeds
O'Donnell C.M. London
O'Seaguard L. London
O'Sullivan S.H.E. London
Ogden N.A. Birmingham
Ogram A. London
Ogura M. London
O'Keefe N.A. Warrington
Old S.G. Leeds
Olford M.D. London
O'Loughlin A.J. London
O'Mahoney D. Birmingham
O'Mahoney G.D. Manchester
O'Neill G. Southend-On-Sea
O'Neill S. Manchester
Ong W.H. London
Orehead J. London
O'Riordan D.J. Manchester
O'Rourke S.P. London
Orrthomas M.C. London
Orrell G.S. London
Orridge J.G. Leicester
Orsborn J.B. London
Osborn N.J. Crawley
Otley C.R. Burnham
Ovenden T.E. London
Owston-Smith V.J. Harlow
Owen G.J. London
Owen M.A. London
Owen S.J. Reading
Owens J.S. Stroud

Page A.P. Reading
Painter D.K. Crawley
Painter K.E. Reading
Pande N.D. London
Papadopoulos A.D. Nicosia
Papadopoulos C. Stroud
Park S.R. Bristol
Parker D. Coventry
Parker D.E. London
Parker J.L. London
Parker M.P. Crawley
Parker T. Baldock
Parr J.D. Preston
Parr C.A. Manchester
Parsons D.J. London
Pasqual N. London
Patel H.R. Woodford Green
Patel K. London
Patel N. London
Patel R.B. London
Patel S.R. London
Pathmanathan V. London
Payne S.K. Birmingham

Peart M. Leicester
Pearce-Smith T.G. London
Perdus S. London
Perera S. London
Perkins C.M.H. Tunbridge Wells
Perrin J.S. Jersey
Pesc M.A.J. Jersey
Pester R.G. London
Peterson W. Slough
Philpott S. London
Pickering A.E. Norwich
Pickering C.B. London
Pickles R.J. Croydon
Pickles M.D. London
Pimperton D. Rotherham
Pinchbeck S.B. Grimsby
Piche J. London
Pither S.E. London
Pollard R.J. Leeds
Pool M.A. Cambridge
Porritt D. Leeds
Potter A.M. Birmingham
Potter L.D. London
Pottinger G.K. Croydon
Poulton W. Leeds
Poulton R.J. London
Poulos G.T. Larzac
Powell G.J. London
Powell S.G. Liverpool
Poyton D.W. Birmingham
Prabhakaran V. Cambridge
Prangnell N.J. Reading
Prest D.S. London
Preston A.L. Leeds
Price D.J. Norwich
Price J.D. London
Price M.J. London
Priesley H.L. Liverpool
Prince M.A.B. London
Pring K. Windsor
Prisk K. Birmingham
Probert H. Leicester
Proctor G.E. London
Pugh S.G. Guildford
Pugsley R.C.V. London
Pullen M.R.D. Winchester
Purcell M.I. Cardiff
Punglove J.S. Blackburn
Pyscol K.E. Ipswich
Pye M.S. Rotherham

Quick M.J. Milton Keynes
Quinlan S.M. Bedford
Quinn A.L. Milton Keynes
Quinton E.J. London
Rae K.J. London
Rahman A. London
Rahman H. London
Rahim G. Chester
Rajpal A.K. London
Rajpal M. London
Rajpal P.D. London
Ramadan R.J. London
Ramani Y.R. London
Ramani N.M. London
Rankin R. Newcastle Upon Tyne
Ransom D.J. Croydon
Ransom P.N. Croydon
Ratcliffe V. Walsall

Ratts S. Windsor
Ravid B. London
Rawlings K.H. Birmingham
Ray J.P. London
Read C. Jersey
Redfern N.C. Norwich
Redpath S.H. Newcastle Upon Tyne
Reed A.D. Stratford-Upon-Avon
Reckle E.J.R. London
Rees J.G. London
Rees N.V. Cardiff
Rees C.E. Manchester
Reeves C.E. Leeds
Rhodes B.J.D. London
Rhodes K.M. Sidcup
Richards G.J. London
Richards P.J. Birmingham
Richardson D.J. Newcastle Upon Tyne
Ridd-Jones G.R. London
Ridgeway M.J. London
Ridge T. Croydon
Ridley M.J. Manchester
Rigby J.A. London
Robbie S. Douglas
Roberts A.L.M. Manchester
Roberts Caroline Christine (1935) London
Roberts Clare Croydon (1989) Liverpool
Roberts D.B.T. Nottingham
Roberts I.D. London
Roberts I.W. London
Roberts M.A. Chorley
Robertson G.J. Manchester
Robertson G. London
Robertson J.B. Bristol
Robinson G.T. London
Robinson H.E.W. London
Robinson T.D. Leeds
Robson G.M.C. Bristol
Rocha M.A. London
Rochester C. Manchester
Rodgers A.J. Manchester
Rodrigues J.E.S. Birmingham
Rodrigues M.L. London
Rogers A.P. London
Roman G.C. London
Ross D. Jersey
Rovsin C.S. Derby
Rothwell M.D. London
Rouse L.J. London
Rouse G.S. Inglestone
Rowson J.L. Manchester
Rudd J.M. Great Yarmouth
Ruddy G. Guernsey
Rudkin T.J. Manchester
Ruffin S. Jersey
Ruggles A.J. St. Albans
Rus N.A. Middlesbrough
Russell S.J. Kettering
Ryan A.P. London
Ryan J.B. London

Sackman M. London
Saffer R.J. Watford
Saggu R.S. London
Salisbury J.C. Manchester
Salmon R.A. Reading
Sams D.W. London
Sander S.J.K. London
Sankar E.C. London
Sargant R. London
Sarker A.R. London
Saunders O.G.T. London
Savage A.L. Southampton
Savhny S. London
Sawyers J.A. Crawley
Schmidt N. Crawley
Scott R.J. London
Section S.J. Hull
Searle D.G. London
Saklon C.D. Manchester
Semple M.A. London
Sewell S.P. Norwich
Seymour C.D. Sheffield
Shackleton P.R. London
Shah Adarsh (1784) London
Shah Dipsa (1874) London
Shah J.S. London
Shah S.C. London
Shah Shehar (1947) London
Shamugaratnam S. Milton Keynes
Sharer A.E. Wembley
Sharma D.K. Birmingham
Shaw M.W.E. Norwich
Shaw R.G.R. London
Shepherd S.M. London
Sheppard M.L. London
Sherraton A.L. Birmingham
Sheridan A.J. London
Sherwood P.A. Hove
Shewry T.D. Bristol
Shibukawa V. Cambridge
Shirley G.M. London
Shreeve H. London
Siddie R.J. Leicester
Sim V.M. Leeds
Simpson C.L. Birmingham
Simpson J. London
Simpson P. Manchester
Sindhu J.C. Kingston-Upon-Thames
Sindhu M.C. Southampton
Sinden N.G. London
Siney P. London
Singh P. Southampton
Singh R. St. Albans
Sison A.H. Birmingham
Skelly H. London
Skingley A.L. St. Albans
Skippings A.C. London
Slipworth P.J. St. Albans
Slater G. Birmingham
Slater S.J. Southend-On-Sea
Slatter B.S.P. London
Skidmore C. Birmingham
Sinn J.M. London
Sinn J.M. London
Sinn M.J. Manchester
Sinn P.J. Bracknell
Smith A.A. Cheltenham
Smith C.D. Slough
Smith C.I. London
Smith J.A. Jersey
Smith K.A. Swindon
Smith K.P. Usbridge
Smith N.M. Manchester
Smith P.B. Newcastle Upon Tyne
Smith R.A. Leatherhead
Smith E.J. Manchester
Smyth A.C. Douglas
Soh N.J. London
Somas K. Croydon
Somas P.N. Croydon
Spenn N. Leeds
Sparks N.J. Birmingham
Speck G. Sutton
Speight M.A. London
Speirs A.K. London
Spink M.D. Windsor
Spencer A.J. Manchester
Spence C. Ely
Spurr G. Swindon
Stafford C.R. Nottingham
Stahel R.J. London
Stanton A. Winchester
Stanton D. Usbridge
Stee-Fowler V. Douglas
Staff D.R. Crawley
Stephens K.A. Manchester
Stephenson K.L. London
Stephenson N. Nottingham
Stevens S.E. Nottingham
Stevens N.P. Milton Keynes
Stewart B.J. London
Stewart K.S. Milton Keynes
Still S.A. London
Stockley A.J. London
Stone D. Newcastle Upon Tyne
Stone P.W. Norwich
Stone R.W. Reading
Storey I.K. St. Albans
Storey K.P. Sheffield
Storey M.N. Aylesbury
Stratton J.E. Luton
Strickland-Skates J.T. London
Stride A.A. London
Stronge A.C. London
Strugnell L. Birmingham
Sturges H. Birmingham
Sugden J. Manchester
Surbuts D.M. Southampton
Sutton A.T.O. London
Sutton A.J. London
Sweeney C.J. Manchester
Sweeney J.A. London
Sykes R.M. Manchester

Takai C.M. London
Talbot D. London
Talbot E. Nottingham
Tallon P.C. London
Tanner A.J.H. London
Tanner C.J. London
Tarran M.J. Warrington
Taseer S. London
Taverner S. Liverpool
Tay K.S.H. London
Tay L. London
Taylor C.H. Liverpool
Taylor C. Sheffield
Taylor D. Hull
Taylor K. Leeds
Taylor R.M. Bristol
Taylor R. Leeds
Taylor R.J. Nottingham
Taylor R.S. Leicester
Taylor R.D. Cambridge
Taylor S.J. London
Taylor S. Birmingham
Teague S. London
Temple-Cole J.P. Usbridge
Terry J.R. London
Techke R.C. London
Thalman R. Northampton
Thomas E.O. London
Thomas N.R. Nottingham
Thomas W.D. Derby
Thompson S.C. London
Thornley J. London
Thornhill R. Manchester
Thornhill D.A. Hayes
Thoroughgood I.T. London
Thorpe P.J. St. Albans
Thurgood S.H. Chippingham
Tillett J.C. London
Tisi J.P. Canvey Island
To S.K. London
Tobutt S.D. Bolton
Tomkinson C. Leicester
Tomlin A.J. Barnet
Tong J.E. Reading
Topping A. Manchester

Townsend A. London
Treacy F.M. London
Trehewy J.E. Cardiff
Truscott S.T. Liverpool
Tsangari G. London
Tucker J.C. Liverpool
Tulloch R. Guildford
Turner D. Hildenborough
Turner N. Leicester
Turner A. London
Turner S.J. Reading
Tweeddale E. London
Tweedie M.S. Brighton
Tye C.N. Birmingham
Tye J.E. Lincoln
Tyerman S.C. Lincoln
Tyrer S.J. Wigan

Underwood N.D. Birmingham
Underhill L.J. London
Vachell A.S.A. Usbridge
Valentine A.P. Farnsworth
Van L.T. Birmingham
Varney H. London
Verma S. Birmingham
Viner R.C. Kidderminster
Vohra S. Crawley
Vollans T. Bradford
Wade D. Hertford
Wade E.J. Leeds
Wade L.E. Norwich
Wakefield S.J. London
Wakefield T. London
Walker C.A. Liverpool
Walker C. Guildford
Walker H.J. London
Walker J.A. London
Walker L. Leicester
Wall M.A. London
Wallace P.J. Usbridge
Walley V.L. London
Walsh C.R. Manchester
Walsh D.J. Leicester
Walters C.J. London
Walters J.D. London
Walton R.J. Reading
Wan D.J. London
Wanless M. Jersey
Ward J.M. Leicester
Ward N.J. Norwich
Ward P. Birmingham
Wardle C.J. Nottingham
Warman N. London
Warne E.F. Leeds
Warren J. London
Warrington K. Birmingham
Watkin J.L. Birmingham
Watkins P.R.D. London
Watkinson D.B. Reading
Watson A.L. Nottingham
Watson H.E. Farnham
Watson L. Newcastle Upon Tyne
Watson Melaine (2366) Birmingham
Watson W.J. Bristol
Watt S.R. Cardiff
Way S.J. Harrow
Weaver M.R. Bristol
Webber J. Exeter
Webster A.B. London
Webster L.J. London
Webster M.M. London
Weir A.P. London
Weir J.M. London
Whalley S.G. Liverpool
Whaling M. Leicester
Whiddon C.J. London
White C.J. Plymouth
White Joanne (2866) London
White K.C.J. Southampton
White N.A. Reading
Whitfield N.S.B. London
Whitaker S.A. London
Whitern S.L. Birmingham
Whittle A.H. London
Whittle S.M. Cambridge
Whitton J. Chorley
Whitworth P.A. London
Whitfield M.D. London
Whitman S.M. Leeds
Wignall S.J. Manchester
Wijayatilake S.P. Usbridge
Wilkins S.J.A. Cardiff
Wilkinson D.R. Birmingham
Wilkinson R.J. Manchester
Wilkinson P.J. Leeds
Williams D.J. London
Williams E. Nottingham
Williams H.L. London
Williams K. Rochdale
Williams M.L. Leeds
Williams Richard David (1002) London
Williams Robert David (2932) Chester
Williams S.J. Birmingham
Williamson H. London
Willingham D.F. London
Wilmot I. Derby
Wilmot S.J. Slough
Wilson A.J. Preston
Wilson G.H. London
Wilson M.S.J. Newcastle Upon Tyne
Wilson N.P. London
Wilson R.A. Bradford
Wilson S.M.B. London
Wilson S.D. Liverpool
Wilson V.M. London
Windelickx D. Manchester
Windsor J.J. Royston
Winkworth S.R. Harrow
Winter D.L. Carlisle
Winters E. Birmingham
Wise K. Newbury
Wiseman E.J. Bath
Witaker P.D. St. Albans
Witt N.J. Bristol
Witt R. Southampton
Witt W.R.T. London
Woo R.B.H. Birmingham
Wood C.R. Leeds
Wood T.F. Cambridge
Woodbridge C.S. London
Woods J. Birmingham
Woods M.J. London
Woodside J.M. London
Woodward J.M. Plymouth
Woodward P.M. Southampton
Woodward V.J. Birmingham
Worsnip J.C. London
Worth A.S.R. Birmingham
Worthington M.A. London
Worton N.H. London
Wright M.L. Bristol
Wright J.R. London

Yates C.H.F. London
Yeo C.K.H. Manchester
Yeo R.P. Bristol
Yoshida C. London
Young R.P. London
Yu C.Y.W. Liverpool
Zaharia V.S. Nicosia
Zajac P.A. Liverpool
Zhang J. London
Zinn R.M. London

The following candidates have passed three papers at Final. In the fourth subject, Advanced Taxation, they must successfully complete a scheme of competence-led assessment in order to pass the Final overall:

Atwood D.J.G. London
Slingley J.J. London
Wilson C.L. London

The following candidates have successfully completed a scheme of competence-led assessment in Advanced Taxation and have now passed the Final overall:

Bentley A.K.L. London
Bourman J.S. London
Cavallino K.L. London
Gray M.C. London
Hawson S.R. London
Key H.C.D. London
Latham H.C. London
Qureshi S.M. London
Ramsey K.D. London
Thompson R.M.A. London

...now let us

0845 600 7007

Michael Page

FINANCE

IT Appointments

SENIOR LEVEL BANKING POSITIONS IN FRANCOPHONE AFRICA

LEADING INTERNATIONAL FINANCIAL INSTITUTION

THE COMPANY: Our client is a leading international financial institution with operations in over 45 countries around the world. Covering the entire range of financial services their commitment to excellence is fundamental to their outstanding success. Recognised in Africa as a market leader, they seek to expand in their markets by hiring outstanding individuals with the drive and ability to move them even further ahead.

THE ROLES:

HEAD OF FINANCE

- Provide strong leadership to the finance function, and develop strong technical skills in the team.
- Co-ordinate financial and management accounting ensuring accurate and timely delivery of information.
- Maintain control and responsibility for general ledger administration, fixed asset/debt creditor accounting and establish an effective internal financial controls system.
- Liaise with Group and Regional tax departments and local tax advisors to support the effective management of the Group's tax affairs and local tax liabilities.

HEAD OF CONSUMER BANKING

- Previous exposure to both product management and branch banking.
- Be able to initiate service quality issues.
- Be customer driven and customer focused.

HEAD OF TREASURY

- Develop and implement sales/marketing and trading strategies for the country treasury, to meet agreed revenue, cost and other targets.
- Manage and control all business risks arising in the Treasury, through implementation of debt and individual trading limits, and adherence to established stop loss hedging and mark to market disciplines.
- Establish and maintain high level contacts with current and target customers, regulatory authorities and product partners.

HEAD OF IT

- Provide strong project management for IT professionals.
- Preferably have experience with a range of banking software.
- Be able to operate as a business partner within the senior management team, not just a technical IT Manager.

THE PEOPLE: You will have a minimum of 7 years' experience with a leading financial institution with at least two of those in a managerial role. As part of the senior management team, you will have the ability to identify opportunities and convert them into business success, set and achieve targets and maintain the commitment of the staff by effectively managing and developing your team even in difficult and challenging circumstances. You will have a proven track record of management expertise. Possessing vision, you will recognise that you are part of a global organisation and be a key player in driving forward the Group's objectives in the region.

Please forward your full resume in the strictest confidence, quoting reference FT 3257 to:
Antal International, 2nd Floor, 90 Tottenham Court Road, London W1P 0AN. Tel: +44 (0) 171 637 2001
Fax: +44 (0) 171 637 0949 e-mail: cv@antal-int.com or visit our website on www.antal-int.com

ANTAL INTERNATIONAL LTD
A Global Recruitment Solution Applied Locally

UK • IRELAND • FRANCE • GERMANY • HOLLAND • SWITZERLAND • AUSTRIA • ITALY • BELGIUM • SPAIN • PORTUGAL • GREECE • CYPRUS • POLAND • ROMANIA • RUSSIA • TURKEY • URBAN • USA

COMPANY

U.S. Based company expanding to Europe
POST
Programmer/Analyst, U.K. based in South West
London area
QUALIFICATIONS
Bachelors Degree plus one or more of following
skills: C++, Visual Basic, Powerbuilder, Oracle,
Sybase, mainframe (cobol, CICS, JCL, DB2)
WORK EXPERIENCE
Minimum 2 years
SALARY
£30K to £50K depending on experience
APPLY
Box A6280, Financial Times,
One Southwark Bridge,
London SE1 9HL

FT IT

Recruitment
appears each
Wednesday in
the UK edition,
and each Friday
in the
international
edition
For more information on
how to reach the top IT
professionals in
business call:
Chris Ibbotson
on +44 171 873 3351

WILMOTT ASSOCIATES

An experienced mathematician programmer is sought to work on research projects for this financial consultancy firm. The successful applicant will be proficient in stochastic calculus and control theory, have undertaken research in finance and have a good knowledge of C++ and SPlus. Knowledge of a language will be an advantage.
Salary £20K
Applicants should email their CV to
jobs@wilmott.com.

SENIOR QUANTITATIVE ANALYST C++ QUANTITATIVE DEVELOPERS

GLOBAL INVESTMENT BANK FIXED INCOME AND CREDIT DERIVATIVES

£££ SUPERB PACKAGES

CITY

This is one of Europe's and the world's most successful banking institutions with a powerful global presence and a strong reputation for leadership in financial product development and technical innovation. They are now seeking to recruit a talented quantitative analyst and a number of quantitative developers to further strengthen both their London trading activities and various new risk management initiatives. Both quantitative analysts and developers work together to develop, enhance and integrate trading and market risk models, libraries and strategies.

You should boast an excellent science/mathematics academic background including a 1st/2.1 honours degree from a top-tier university and preferably a higher

degree. You should have a minimum of one year's financial experience. For the developer positions a strong software engineering background is required. Successful candidates will have excellent C/C++ and some of the following: VisualC++, Visual Basic, Excel, Numerical Methods etc. Enthusiasm will be a distinct advantage.

Remuneration packages are superb and include substantial bonuses and benefits and a review in six months.

In the strictest confidence, please send a full CV to Craig Miller or Shelley Ashton at Miller Associates, 6 Sloane Street, Knightsbridge, London SW1X 9LE. Please quote reference FT2907. Tel: 0171 823 2222. Fax: 0171 823 2205. Email: millerassociates@sw1.1.telme.com

Miller Associates
INTERNATIONAL SEARCH & SELECTION

SAP CONSULTANTS

Coronado Software, an SAP consulting firm based in the USA, is conducting interviews in Europe August 17-28 for our US and international operations. We are interviewing experienced SAP consultants who want to work in a dynamic, fast growth environment.

We are seeking highly motivated self-starters with excellent communication skills and strong analytical background.

Fax CV and salary requirements to:
1-949-348-0200 by 15/8/98
or E-mail to:
ajay01@msn.com

UK based
software house looking to
appoint an analyst programmer
with a 1st class
IT based degree & experience in
VB, PDBMS, JAVA/C++
3 years + accounting experience
essential.
Salary according to
experience.
Apply with CV & covering letter
to:
Box A6280
Financial Times
One Southwark Bridge London
SE1 9HL

INVESTMENT BANKING

City

BUSINESS ANALYSTS
PROJECT MANAGERS

to £55,000 + Bens

The leading European Investment Bank is currently searching for business focused Analysts and Project Managers to complement their existing and outstanding global IT infrastructure.

Uniquely, these candidates are to further facilitate globalisation within the organisation. The London office is central to the firm's IT development, providing a complete range of investment and financial services within their Equities business area.

Key to these roles is the understanding of client needs and responding effectively to their requirements, the ability to translate these into effective solutions and managing the clients' expectations. The analysis work must be succinct and of high quality as the project is running to significantly tight deadlines.

Professional and technical attributes sought would include providing critical business analysis, requirements capture and documentation, strong interpersonal skills, previous experience in medium scale client/server implementations, test planning, testing, and knowledge of middle-back office processing preferably in Equities.

The first phase of this project is underway and involves migrating an existing application onto a strategic architecture and a strategic data model. Interested candidates should be able to demonstrate a strong commitment to the business and IT functions of a large organisation. All candidates should come from a solid IT development cycle background and be obviously experienced and capable of driving the business forward from an IT perspective.

Please contact Danielle Lorenz
or Andrew Summers

Huxley
Associates

Telephone: 0171 335 5858
Mobile: 0468 175 002
Fax: 0171 335 0008
Email: d.lorenz@huxley.co.uk
a.summers@huxley.co.uk

INVESTMENT BANKING

America House, 2 America Square, London EC3N 2AH

QUANTITATIVE DEVELOPER

Our client is a leading European Investment Bank looking to refocus its Equity Derivatives activities. With a long history of supplying an exemplary service to its customers in both Interest Rates and Equity Derivatives our client is looking to re-define its IT strategy to support their Derivatives Traders / Quants and Sales. In order to deliver they require the following:

Hands-on Pricing and Analytical Developer

Defining architecture for the base of Equity and Interest Rate derivatives, positioned alongside the Traders/Quants the ideal candidate will have traditional RAD skills as well as a very strong analytical and academic background. The role will be very quantitative in relation to the business supported.

- ✓ Understanding in detail of pricing principles of Vanilla/Exotic Options
- ✓ Experience of pricing components of Black-Scholes models, Yield Curve and Dividend handling within pricing
- ✓ Pricing/Risk Management (Market/Risk Modelling/Risk Arbitrage)

Technologies: A subset of the following:

- ✓ Visual C++
- ✓ MS Visual Basic
- ✓ COM/DCOM
- ✓ C/C++
- ✓ Excel
- ✓ ActiveX

At least two years' experience of the above combined with a sound understanding of Equity/IR products (analytics and pricing).

Please contact:

Alex Blair, Mike Sherwin or Sally Mullan

Huxley
Associates

Telephone: 0171 335 5890
Email: jobs@huxley.co.uk

INVESTMENT BANKING

America House, 2 America Square, London EC3N 2AH

INVESTMENT BANKING

EXCEL VBA/MATHS

£35K - £50K + BONUS

Leading Wall Street player seeks Developers for their convertible warrants desk. Providing rapid response and tactical development for the trading team, you will utilise your solid Excel and numerical skills. These roles are all based on the 'floor' and demand excellent communication skills coupled with a sharp mind and attitude. High flyers only.

C++/SQL

£40K - £60K + BONUS

Leading Derivatives house seeks a Developer with a minimum of two years C++/SQL expertise. As part of the front office money markets team, you will help price yield curves and build risk management systems. The successful candidate will have a strong academic background coupled with excellent communication skills and strong technical knowledge. Preference will be given to those with money markets experience. A first class opportunity.

MARKET RISK ANALYST

TO £40K + BENS + BONUS

Leading Derivatives house specialising in exotic and structured products, transactions and trading strategies seeks Market Risk Analysts. Working across all product ranges, you will assist the team in carrying out risk analysis for traders and industry groups. Successful candidates will have a very strong numerical background with a minimum of a 2.1 degree in mathematics, a demonstrated ability to grasp new concepts quickly, report writing skills and a genuine desire to work in risk management.

VC++/MATHS

£40K - £60K + BONUS

Premier US market maker seeks a Financial Engineer with a minimum of 2 years C++ expertise coupled with excellent mathematical abilities. Working with the quantitative team, you will help build analytics libraries for the exotic interest rates desk. Candidates with exemplary academic qualifications and strong communication skills are encouraged to apply.

EXCEL VBA/FIXED INCOME

£40K - £50K + BONUS

Fixed Income Exotic Derivatives group of this premier US Investment Bank seeks bright graduates with at least 12 months experience of Excel within a front office environment. You will join a small global team developing flexible pricing for new exotic products, supporting marketers and traders. A good maths related degree is essential, as is the enthusiasm to deliver systems within strict timescales. A fabulous career move.

VISUAL C++/COM/ACTIVEX

TO £60K + BONUS + BENS

US Bank seeks highest quality Developers for their Equities group. Working on business critical systems using C++, COM and ActiveX on an NT4 platform porting to CORBA middleware on UNIX. You will have a minimum of 12 months experience and proven record of developing commercial products to an excellent standard as well as a strong academic background in a computing or mathematically intensive subject. Financial knowledge a plus. Our client seeks to bring in the best people possible and offer the package and prospects to match.



The people the City turn to first.

Many of our clients also offer Contract opportunities requiring the above skills.

ARC are premier suppliers to the top financial institutions. This is a selection of current opportunities in the City. We have many more. Our consultants have an in-depth understanding of this market and how it can work best for you, so please call Stephen Haslam or Paul Widdowson on 0171 287 2225 to discuss your options. Alternatively please send, fax or e-mail your CV to us at ARC Recruitment, 15-16 New Burlington St, London W1X 1PF. Fax: 0171 287 9688, E-mail: arc@arc.co.uk

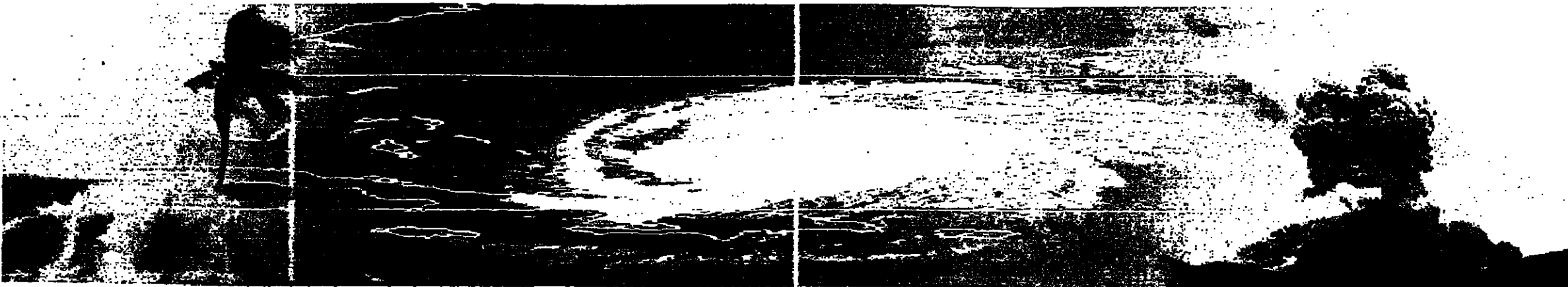


Recruitment

Net.Works

The FT IT Recruitment section is also available all week on www.FT.com

The Merch



REINSURANCE

With premium rates low and the likely cost of future risks high, the industry is consolidating to form bigger, financially stronger groups, says Christopher Adams

Broad shoulders take the risks

An industry best known for its highly developed sense of caution is throwing prudence to the wind. Reinsurers, paid to absorb the financial risk of the world's biggest catastrophes, have stepped up an already frenzied round of restructuring as they struggle with new uncertainties reshaping their marketplace.

The acquisition in June of the world's third largest reinsurer, US-based General Re, for \$2.2bn by Berkshire Hathaway, the financial group run by billionaire US investor Warren Buffett, was the biggest of a string of deals creating powerfully financed global giants better able to shoulder an increasingly diverse range of commercial risks and meet the threatened cost of future natural disasters.

The increased emphasis on capital strength stems from a series of heavy catastrophe-related claims in the early 1990s, which placed considerable strain on reinsurers. Rising property values and population growth in the world's developed cities are pushing up the projected cost of prospective natural and man-made disasters. Hurricane Andrew devastated the Florida coastline in 1992, causing \$15bn of damage. A similar storm now could inflict six times that amount.

Yet reinsurers have suffered few big natural catastrophe claims since the Northridge earthquake in California four years ago. Catastrophe losses in the US property and casualty sector dropped by \$4.7bn to \$2.6bn, the lowest annual total for a decade and well below the 1990s average of \$9.0bn a year. Last year's Caribbean hurricane season was relatively benign, largely because of an unusual warm water current in the Pacific Ocean called El Niño, which had unpredictable effects on the weather.

A dearth of insured losses continues to push premium rates down, prompting some reinsurers into a morbid longing for disasters to help rectify the "soft" market. Prices for reinsurance have been falling by up to 20 per cent a year after a period of exceptional profitability in what is typically a cyclical market. Unable to increase rates, companies are using excess capital to gain market share, sacrificing underwriting margins. Fierce competition and sluggish revenue growth – as much as any belief in the danger of future capital inadequacy – have precipitated takeovers.

And so the pace of consolidation has been accelerating. Zurich-based Swiss Re bought Life Re of the US for \$1.6bn in July this year. Just weeks earlier, GE Capital, the financial services arm of General Electric, acquired Kemper Re for \$500m.

Bermuda-based Ace bought Cat Limited, a property and catastrophe reinsurer, in March for \$711m. As reinsurers seek to broaden their portfolios of business, diversification is leading to expansion overseas for many.

Intensifying the pressure on rates is a shift away from contracts popular in the past, dubbed proportional treaty business, where a reinsurer agreed to underwrite a share of an insurer's total risk, to ones where it underwrites a layer of cover above what is retained (non-proportional treaty).

There has also been an aggressive comeback by Lloyd's, the London-based market rescued from the brink of collapse two years ago.

Net written premiums, a measure of the income that reinsurers retain after ceding some of their own liabilities, fell 3.8 per cent worldwide last year and will decline by another 5 per cent in 1998, says Standard & Poor's. "To generate financial returns, you have to put capital to use and organic growth is not an option," says Ed Noonan, president and chief executive of American Re.

There is evidence that as business is concentrated in fewer hands – the top five companies accounted for 43 per cent of net written premiums in 1997 from 36 per cent a decade earlier – the biggest will be able to exert greater control over terms. The top 25 reinsurers managed to increase premiums by 2.7 per cent in 1997.

However, the reinsurance market is also contracting because primary insurers are able to use strong returns from their investments in capital markets to retain a greater proportion of their own risk. Moreover, patterns of demand for primary insurance are shifting. Risk managers at the world's biggest companies are adopting a wider-ranging approach to juggling liabilities, moving away from annual policies that protect against separate eventualities to packages where protection is guaranteed over longer periods and activated by financial triggers such as interest rate or foreign exchange volatility.

"Clients are focusing more on quarterly earnings figures. Interest in financial reinsurance is brightening," says Jim Duffy, president and chief executive of St Paul Re. The US group has been involved in derivative transactions with power generators that smooth the effect of varying temperatures and weather on revenue, transactions which have begun to break down the boundaries between reinsurance, insurance and investment banking.

"These risks are so broad and have such an impact that they are not insurable in the traditional sense," says Mr Duffy.

The blurring of reinsurance with other financial services is throwing up opportunities and threats. New products which transfer risk to the capital markets are gaining wider recognition. A flurry of deals in recent months that securitized hurricane and typhoon risks in this way has bolstered support for catastrophe bonds as an efficient alternative to traditional coverage.

The biggest of these transactions was the sale by USAA, the North American residential insurer, of \$450m in hurricane-linked securities in June. Investors receive returns higher than those from blue-chip corporate bonds, but the capital raised is used to meet the cost of disaster should one strike.

The cost of such transactions is still high; traditional reinsurance is cheaper and can be negotiated more quickly. The latest acquisitions demonstrate how reinsurers are seeking new growth markets. Swiss Re's purchase of

Top 15 reinsurers by 1996 premium income*

Group	Company	Reinsurance net written premium \$	Group total \$	Combined ratio %
Munich Re Group	Munich Re	10,457.7	10,927.3	100.1
	Munich American Re	451.6		104.2
Swiss Re Group	Swiss Re Zurich	4,372.4	8,848.5	103.9
	Swiss Re Americas	922.6		103.9
	Swiss Re UK	231.5		108.8
	Swiss Re Italia	641.8		117.9
	Mercantile & General Re	1,230.2		100.0
	Life Re	453.0		n/a
	Union Re	1,229.2		107.0
General & Cologne Re Group	General Re	2,717.8	5,965.1	99.0
	Cologne Re	2,482.4		101.1
	Cologne Re (Dubai)	271.7		100.7
	General Re Europe	193.2		97.1
Lloyds	Lloyds	4,137.3	4,137.3	n/a
Allianz	Allianz	3,944.7	3,944.7	99.2
Zurich Group	Zurich Insurance	1,097.0	3,535.1	108.8
	Zurich Reinsurance Centre	729.3		103.6
	Zurich Re (London)	200.4		104.8
	Zurich Re (Cologne)	284.1		104.3
	Centre Re (Bermuda)	876.7		114.7
	Centre Re Co of New York	344.9		105.5
Hannover Re Group	Hannover Re	1,831.2	2,829.2	102.0
	SES Re	798.0		108.0
Swedish Global Re	Swedish Global Re	2,292.0	2,292.0	103.9
American International	American International	2,225.5	2,225.5	110.9
American Re	American Re	1,508.2	1,508.2	98.7
Reinsurance Group	Reinsurance Group	1,559.5	1,559.5	101.3
	Reinsurance Re Ireland	288.6		117.4
GE Capital	GE Capital	1,449.6	3,621.3	105.3
	ERIC Financial	1,444.7		101.5
	Kemper Re	727.0		n/a
La Mutuelle de la Seine Assurances	La Mutuelle de la Seine Assurances	1,346.6	1,346.6	102.0
Scor	Scor	712.4	1,142.3	101.8
	Scor Re US	429.9		98.8
Winterthur	Winterthur	836.0	1,083.0	105.6
	Winterthur Re Corp of America	227.0		104.3

* Groupings include companies acquired since 1995

Source: World Insurance Report, S&P

Risk Capital Reinsurance Company

has provided over \$165 million of private financing, including...

OCTOBER 1996 \$8,866,750 in common equity financing to TerraNova (Bermuda) Holdings Ltd.	APRIL 1996 \$4,500,000 in common equity financing to assist in the formation of Island Heritage Insurance Company, Ltd.	APRIL 1996 DECEMBER 1996 JANUARY 1997 an Integrated Solution of \$16,000,000 in common equity financing and substantial reinsurance capacity to Venton Holdings Ltd.	FEBRUARY 1997 an Integrated Solution of \$5,600,000 in contingent debt financing with warrants and substantial reinsurance capacity to American Independent Holding Company
FEBRUARY 1997 JUNE 1996 \$10,000,000 in common equity financing to First American Financial Corporation	MARCH 1997 \$5,000,000 of committed capital to New Europe Insurance Ventures to invest in European insurance entities	MAY 1997 \$9,460,000 to acquire a limited liability company interest in The ARC Group, LLC	OCTOBER 1997 \$4,875,000 to acquire a limited liability company interest in TR Associates, LLC
NOVEMBER 1997 \$24,500,000 in common equity financing to assist in the formation of Latin American Reinsurance Company, Ltd.	DECEMBER 1997 an Integrated Solution of \$1,400,000 in common equity and debt financing and substantial reinsurance capacity to assist in the formation of Sunshine State Holding Corporation	DECEMBER 1997 an Integrated Solution of \$2,400,000 in preferred equity financing and substantial reinsurance capacity to assist in the formation of Rix Holding Corp.	DECEMBER 1997 \$2,000,000 in preferred equity financing and commitments to Guidestar Health Systems, Inc.
MARCH 1998 an Integrated Solution of \$10,000,000 in common equity financing and substantial reinsurance capacity to assist in the formation of Ritus Holdings, Ltd.	MARCH 1998 an Integrated Solution of \$2,800,000 in preferred equity financing and substantial reinsurance capacity to assist in the formation of Arbor Acquisition Corp. (Montgomery & Collins, Inc.)	APRIL 1998 \$20,000,000 in common equity financing to assist in the formation of Annuity and Life Re (Holdings), Ltd.	JUNE 1998 \$10,000,000 in common equity financing to Stockton Holdings Limited

MARK & MCDERMID RISK CAPITAL CORP. ACTED AS INVESTMENT ADVISOR TO RMC ON EACH OF THESE TRANSACTIONS.

The Merchant Reinsurer®

CONTACT: MARK MORCA PETER APPEL DOMENEC BOCCITTO PAUL MACFARLANE PHONE: 502.242.4300 FAX: 502.241.7268 www.mrcr.com

10 YEARS OF CREATING VALUE.
10 YEARS OF INNOVATION.
\$10 BILLION OF REVENUE.

RISK

ASSET VALUATION

SOLUTIONS

Reinventing Capital

CENTRE

CENTRE SOLUTIONS
Bermuda: 441-295-8501
Dubai: 353-1-816-8800
Hong Kong: 852-2330-0850
London: 44-171-816-0816
New York: 212-998-3300
San Francisco: 415-777-2850
Sydney: 61-2-9338-2338
Zurich: 41-4-439-9600

www.centresolutions.com
Coverage underwritten by a member of the Zurich Group. Coverage may not be available in all jurisdictions.
Image is from Centre 1988-1998 Reinsurance.

2 REINSURANCE

JAPAN • by Claire Preston

New patterns start to emerge

Alternative forms of catastrophe reinsurance are replacing the traditional treaty

Liberalisation in Japan's primary market has set off something of a revolution in its reinsurance patterns, particularly in the long-suppressed area of industrial earthquake insurance.

The quest for competitive advantage is now the primary motive behind Japanese insurers' activities, which has persuaded them to abandon their tradition of imposing strict controls on industrial earthquake capacity in favour of openly soliciting increased purchases from key clients.

For a while budgeting constraints seemed to be dissuading Japanese companies from taking up the offer to buy more earthquake cover but the last few months have seen utility companies in particular expand their insurance, as primary prices fall.

As a result, there have been several large risks placed into the international reinsurance market which individually range in value up to the region of US\$1bn. What marks a stark contrast with past practice is that these are facultative reinsurance (of single risks).

The established method of reinsuring earthquake was to parcel it together with traditionally lucrative fire risks in the form of proportional treaties.

Now that liberalisation is expected to erode primary fire rates, the support offered by the fire side of the business has evaporated and with it the dominance of the proportional treaty. The size of some of the industrial earthquake risks also makes facultative reinsurance more appropriate.

All of this is good news for Lloyd's, which is estimated to have received about 40 per cent of the reinsurance business emanating from this summer's new purchases of primary earthquake protection.

Lloyd's not only has the



The threat of another natural disaster on the scale of the Kobe earthquake always looms over Japan

spare facultative capacity which will also require facultative solutions. But the window of opportunity will not stay open indefinitely. Increased demand will eventually end the current soft pricing of facultative reinsurance and hence its relative attractiveness.

"It is clear that as the market liberalises, servicing the changing needs of buyers will require greater access to facultative reinsurance," says Geoff Bromley, president and chief executive officer of Guy Carpenter International.

Although Mr Bromley sees industrial earthquake as one of the most immediate examples of this trend, he says that liberalisation will reveal

other unmet needs of clients which will also require facultative solutions. But the window of opportunity will not stay open indefinitely. Increased demand will eventually end the current soft pricing of facultative reinsurance and hence its relative attractiveness.

Mindful of the need for varied reinsurance capacity, Japanese insurers have also been exploring non-traditional solutions.

Three of the country's four top non-life insurers have now signed high-profile alternative risk transfer (ART) deals, involving transfer of risk to the capital markets. The latest of these

exploratory dips into the capital markets was Yasuda Fire and Marine's \$80m catastrophe bond in May. This differed from the preceding two Japanese ART deals, in that it covered typhoon rather than earthquake risk and involved the combination of Munich Re and Aon Capital Markets.

Munich Re's arch rival Swiss Re had organised the previous two deals - Tokyo Marine and Fire's \$100m catastrophe bond and Mitsui Marine and Fire's \$30m swap - through its own dedicated unit, Swiss Re Capital Markets, itself part of Swiss Re New Markets.

More ART deals are widely expected to follow. "There is

no question that there is a high level of interest. We have talked to a number of Japanese insurers," says Dennis Kuzak, vice-president of Equat Inc, which provided risk analysis for the Tokyo and Mitsui deals.

Japan's capital-hungry life insurers might also be considered candidates for ART, but their relative conservatism is thought to be holding them back. "So far there have been no clear replies to our proposals in this area," says Norbert Brebeck, a Munich Re executive responsible for Asia.

Claire Preston is author of the Financial Times management report, *Japanese Insurance: The Impact of Liberalisation*.

EASTERN EUROPE • by Trevor Petch

Ceres keen to redress balance

Lloyd's is striving to bring more business from the region to London

"In central and eastern Europe - as well as elsewhere - the London Market has never succeeded in using the leverage that it had in its 30 per cent share of the marine market to obtain the non-marine business it would like, and could have," says David Wansbrough-Jones, managing director of Central & Eastern European Reinsurance Services Ltd (Ceres).

Ceres is a unique venture at Lloyd's which began operations in 1997, and is dedicated solely to business from the 27 countries of the region. Wholly owned by AE Grant (Underwriting Agencies), Ceres's capacity is provided by a consortium (number 9089) of four Lloyd's syndicates. Grant 991 provides half the capacity, with the remainder split between Denham 990, Mumford 1141 and Denby 609.

A typical syndicate at Lloyd's has difficulty in developing brand loyalty - hence, 9089 has unusually given itself a name - because it is writing only two or three of the lines the cedant (the client seeking reinsurance) wants, and Mr Wansbrough-Jones identifies this as one of the major factors which has prevented the London market from capitalising on its existing base, as well as exploiting the active desire by many insurers from the region to place their business in London, not least because of the long-standing relationships.

Marine, aviation and transport (Mat) insurance represents about a third of the London market's premium base. For the UK market, the proportion is about 10 per cent, but for global insurance as a whole, only 2 per cent.

In 1990, Ceres estimates,

reinsurance premium ceded from central and eastern Europe totalled about US\$350m (£220m), of which about two-fifths was non-marine business. The London market's share of the total was close to half.

By 1996, the total reinsurance premium volume from the region had more than tripled to over \$1.25bn, but non-marine represented almost 90 per cent of the total while the volume of marine premium had declined in absolute terms by a third.

The London market's share of the total was about 11 per cent. By 2002, Ceres estimates reinsurance demand from the region will double again from the 1996 figure. It was founded to bring back to London some of that growth, of which European reinsurers have often been the beneficiaries.

There will be an increasing need for reinsurance as a capital substitute as local primary insurance markets continue to grow. A number of factors will contribute to this, including the introduction (or demonopolisation) of motor liability insurance, the expansion of the Green Card international motor insurance network to the countries of the former Soviet Union, and further privatisation and foreign investment. This creates a demand for new forms of cover, particularly liability classes, and a continuing shift to insurance on a replacement value basis rather than the book value basis formerly employed.

The consortium approach enables Ceres to offer all lines of insurance to its cedants. Ceres can also write direct, as many continental European reinsurers do, if the customer or accredited broker wishes. Mr Wansbrough-Jones sees dealing through brokers as extremely valuable in adding extra knowledge to the advantage of both reinsurer and cedant. "This is essential in developing markets,"

he says, quoting the old adage "four eyes, one best."

To regard central and eastern Europe as a plain market ready to be picked up, however, is a mistake. In his view, the region represents only about 1.5 per cent of world non-life reinsurance volume, in an environment which provides frequent reminders of potential instability. In the region's insurance markets, supervision is often still too hesitant. Mr Wansbrough-Jones believes, citing in particular a frequent reliance on minimum capital requirements rather than solvency control. This "stimulates the writing of rubbish to justify use of capital," he says. He identifies the use of dumping rates in the region by multinational primary insurers as an important externally created negative influence.

Factors such as these make an understanding of local conditions essential. This is facilitated by long-term relationships with clients. Mr Wansbrough-Jones' own involvement with the region goes back over 20 years, but in the London market that is not unique.

The foundation of the relationships established by London reinsurers and brokers with those who are now running the insurance companies in the regions, and will do so in future, has often been laid by personal contacts made through support schemes.

He therefore regrets, in particular, the apparent demise of the highly successful Chancellor's Scheme for training financial sector students from the region. Ceres' own commitment to training and provision of other technical support extends to a joint venture with Chelmsford-based Eurobase to supply insurance IT products to its clients, if required.

The Ceres model is one which might be adopted for other regions, such as African/Arab markets or Latin America.

THE GERMAN MARKET • by Herbert Fromme

Giants go body-building

Squeezed margins are pushing reinsurers into bolstering their body weight

"It is difficult to predict what will happen and when it will happen - but the present state of affairs cannot last much longer." That is the opinion shared by most reinsurers active in the continental European market.

For the past three years, reinsurance rates have plummeted, along with prices for primary insurance. But as companies have suffered fewer losses, especially fewer large losses, most have managed to show reasonable or even good underwriting results, despite the price fall. With investment income flourishing due to the booming stock markets, most reinsurers produced record bottom line results - quite in tune with the concept of enhanced shareholder value, newly discovered by insurers and reinsurers.

Prices have been too low for at least two years now. Peter Lütke-Bornefeld, chief executive of Cologne Re, believes that "prices are not adequate by a long way, if you look at it from an underwriting year. This is especially true as some reinsurers are prepared to include more risks in the old policy at the same or lower prices," he says. "At Cologne Re, we are comparatively restrictive in this field, especially on conditions that in the long run are unacceptable."

On the loss side, things are beginning to change. Large losses are starting to re-emerge - especially in industrial fire. German fire insurers recorded 122 loss events each costing DM1m or more in the first half of 1998. This is only four more than in the first half of 1997 but the value of the loss shot up by DM330m to DM570m - and this was before the DM150m worth of damage done in the Springer printing plant fire and the DM130m loss at the Schmalbach-Lubeca packaging plant, both of them in July.

While losses mount, prices fall further. Insurers expect a decline in industrial fire premiums by 20 per cent to DM2.7bn for 1998, on top of a 15 per cent drop in 1996 and

a 6 per cent fall in 1995. Reinsurers not only suffer in line with these volume reductions, but also they have to live with the fact that the newly created, larger insurance groupings require less reinsurance. Reinsurance capacity is there in abundance. "Too many companies are chasing a declining volume," says one executive.

In motor, the popularity of rebates among primary companies following liberalisation is also beginning to hit their reinsurers, who for years made excellent profits with German motor reinsurance. True, German accounting rules are generous and give ample opportunity to build up large reserves (taxed) during the good times. But this way of working cannot be the answer, reinsurers feel.

Yet there is still no change in the price trend. "The decline both in industrial fire and in motor is not just a normal phase in the cycle," says Bernhard Fink, chief executive of ERC Frankonia in Munich. "This is the result of deep changes, away from a structured market to a far more competitive situation. There are risks which had worsening losses and still got 'absurd rate reductions,' says Mr Fink. "What we get from our main cedants in industrial fire is really shattering." The development is not confined to Germany, "but here it takes its most excessive form."

Mr Lütke-Bornefeld also has few illusions about the short-term future. "There are no clear signs that the market is taking seriously the lessons we all learned," he says. "Everyone is warning that things cannot go on, yet we all continue trying not to lose customers."

Mr Lütke-Bornefeld insists, though, that he detects more understanding from customers. "They look into the future and know that the soft market cannot go on indefinitely. They want stable reinsurance relations in a hardening market, too," Mr Fink similarly sees a trend towards more three-year contracts. "This shows that customers believe the market has bottomed out."

In a declining market, reinsurers trying to keep their volume have little cho-



Even the biggest in the world are beefing themselves up

ice but to buy other reinsurers' reinsurance portfolios. This is the basic key to most of the recent deals: in July, Swiss Re bought Life Re and Gerling Global Re acquired Constitution Re, both active in US niche markets. In August, Hannover Re acquired US programme insurance specialist Clarendon, while still digesting the reinsurance portfolio of Skandia. Cologne Re acquired 27 per cent of Gothaer Re. Munich Re bought Reale Re of Italy.

"But these deals cannot be compared with the mega-deals of the mid-nineties, when Employers Re bought Frankona and Aachen Re, and General Re acquired Cologne Re," says Mr Fink. "Today, you check very thoroughly what possibilities you have to complement your existing operation, both in reinsurance and in the service activities that can be organised around it."

Mr Fink's ultimate parent GE Capital is well-versed in such takeover exercises. ERC Frankonia and its parent are on the lookout, but so are others. Market leader Munich Re has just asked shareholders for DM3.3bn of fresh money which it will certainly employ gainfully. Hannover Re's chairman Wilhelm Zeller announced

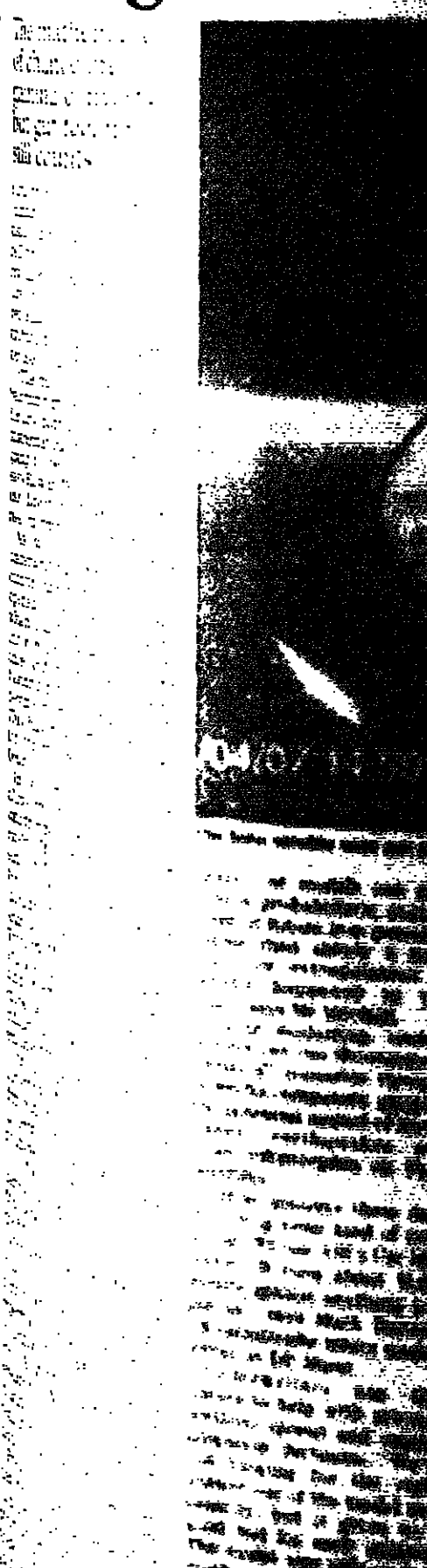
that his company would like to acquire a suitable reinsurer, preferably in the US. And Cologne Re, part of the General Re group, must feel even more secure with Warren Buffett as ultimate parent after his \$22bn takeover of General Re.

But Mr Lütke-Bornefeld calms talk of further aggression: "We are certainly not out to win premium volume on conditions that make no business sense." He adds: "We will also not accept risks which carry low prices in relation to their volatility, and we will not buy reinsurance portfolios or volumes at any price."

The Buffett deal is nonetheless being watched with some apprehension by other reinsurers. They are well aware of General Re's key motives in seeking the deal with the giant investor - General Re will no longer be directly listed on the stock exchange, and thus no longer subject to the volatilities of the quarterly reporting cycle. This removes what its managers believe was a serious disadvantage in competing against Munich Re and Swiss Re. The General Re/Cologne Re group is one reinsurer that seems determined not to leave in their top positions.

CATASTROPHE MODELLING • by

Out goes the



FINANCIAL TIMES

WORLD INSURANCE REPORT

FT

FINANCIAL TIMES

Finance

Monte Carlo 1998

You'll be there if your non-life depends on it

FT Finance's World Insurance Report looks forward to welcoming you to the 1998 Monte Carlo Rendez-Vous.

Come and meet the FT Finance Insurance team and find out more about the full portfolio of insurance products from FT Finance, including newsletters, management reports, directories and electronic products.

You don't have to travel to Monte Carlo to pick up FT World Insurance Report. We can deliver it to your desk every fortnight. Its 24 pages are packed with the latest news and it has the strength of analysis you expect from FT Finance.

Every fortnight FT World Insurance Report brings you:

- Two leader articles - covering the most important stories breaking that fortnight
- Markets - details of the world markets including results and trends
- Law and Supervision - regulatory issues from around the world
- Non-Marine - current issues in the non-marine market
- Marine, Aviation and Transport - international news coverage every fortnight
- Lloyd's - the only place for truly objective Lloyd's coverage, now in two sections
- Corporate Report - companies in the news

free

For your free sample copy please call
Laura Butler on +44 (0)171 896 2270
or fax on +44 (0)171 896 2274
quoting ref: 24158A

Annual subscription (25 issues) £745 UK £775US\$1209 overseas

Financial Times Business Ltd, Maple House, 149 Tottenham Court Road, London W1P 9LL. Registered at the above address No: 202281 (England & Wales)

SECURITISATION • by Lee Coppack

Capital markets set to take on bigger role

New forms of catastrophe finance are being used to spread risks

Jacques Blondeau, the chairman and chief executive of French reinsurer SCOR, is a strong believer in catastrophe bonds. Says Mr Blondeau: "For a normal reinsurer to build up a huge fund of capital waiting for the big one does not make sense from an economic or financial perspective, since it would depress the return on equity. I think for this sort of activity, the capital markets will take over."

The reluctance of reinsurers to carry peak risks is one of the main forces driving the development of the market for alternative forms of catastrophe finance. From the perspective of the worldwide insurance and reinsurance industry, there is an awareness of the imbalance between the supply of capital that can be raised and serviced and the potential exposure for catastrophe losses in the developed world alone, without even taking into account future demand from developing countries.

Favouring stronger capital market involvement is a demand for highly rated investments as the issue of sovereign debt from industrial countries declines and as a way of securing better performance than can be obtained from low-yielding government bonds. Catastrophe bond issues, such as the 1998 bond for Texas-based USAA, are still being priced at more than 400 basis points over three-month Libor.

Normally, after a large catastrophe, rates rise. Reinsurers can raise more capital to take advantage of the

higher rates. Prices soon begin to flatten, however, as a function of increased supply of capital. The problem, as the Bermuda property/catastrophe companies have found even in a zero tax environment, is not raising the capital but servicing it when the rates slide down.

The Catastrophe Price Index calculated by Paragon Reinsurance Risk Management Services Inc calculates relative US property/catastrophe prices from a sample of approximately 300 companies representing almost 1,000 treaties, and approximately 42 per cent of estimated industry premium. It started at 1.00 on January 1 to 1984 and fell to 0.88 by January 1 1989. Rates were already moving upwards when Hurricane Andrew occurred in September 1992. The index rose 60.3 per cent on the January 1 1993 renewals and peaked two years later at 2.47 following the Northridge earthquake. It has fallen steadily since and was down to 1.67 for renewals from January 1 1998.

Two points emerge. Although these three catastrophes alone resulted in insured losses of around \$4.6bn, according to Swiss Re's Sigma report, competition began pushing rates down from January 1 1994. At the same time rates remain materially above pre-Andrew levels, which suggests that reinsurers are comparatively conservative about the amount of capital they are prepared to commit to US catastrophe risks.

The demand for securitised catastrophe protection could be extensive because without even considering the potential loss from a Tokyo earthquake or a wind storm striking the length the US Atlantic coast, there is already a substantial gap between insured and eco-

nomic loss in catastrophes.

Munich Re estimates that in 1996 and 1997 insured losses were only 15 per cent of the total. Insurance density is the key. Insurance density and insured values are very high in the US. The Kobe earthquake in Japan in January 1995 killed about 6,000 people and resulted in insured losses of \$2.6bn. In 1996 price terms, but Munich Re estimates uninsured economic losses at about \$97bn.

The growing world population and intensifying urbanisation do not just lead to an increase in insured exposures but can actually change the nature of risk. Urban centres are attractive targets for terrorists because of the impact they can have. The combination of populations under pressure in cities with valuable property is a volatile one; race riots in Los Angeles in 1992 figure among the 40 most costly loss events since 1970. The increased heat and exhaust gases associated with urbanisation and geological changes resulting from large building works can also affect risk. As Munich Re points out: "Big cities create their own climate, a problem that will be intensified by global climate change."

It also points out that more than 15 per cent of all insurance payments were for insurance of the person - life, health and personal accident. In terms of fatalities, the greatest deaths occurred in earthquakes and cyclones, but the list also includes three man-made disasters in India: a dam-burst in 1979 when 15,000 people died; the Bhopal chemical plant malfunction which resulted in 3,000 deaths and much disability which was not recorded; and a railway accident at Bihar in 1981 when about 2,500 people died.

INTERVIEW Dr Hans-Jürgen Schinzler

Alert for new opportunities

Dr Hans-Jürgen Schinzler, chairman of Munich Re, has protected the quiet giant reputation that the group has always had, but has nonetheless changed the world's number one reinsurer dramatically during his five-year tenure. Key events have been the takeover of American Re and the creation of Ergo, Germany's second-largest primary insurer. By Herbert Fromme

Question The reinsurance market, including Munich Re, is suffering from sharply reduced prices. Yet, profits are up. How long is this situation going to last?

Answer We have been lucky. Just as there are years with exceptionally high insured and reinsured losses, for example 1989 to 1992, we have had the opposite extreme for the last two years - extraordinarily few large losses. Premium levels are really awful in many sectors, but results are not yet showing that.

Q What needs to happen to change the downward trend? Do reinsurers pray for catastrophes?

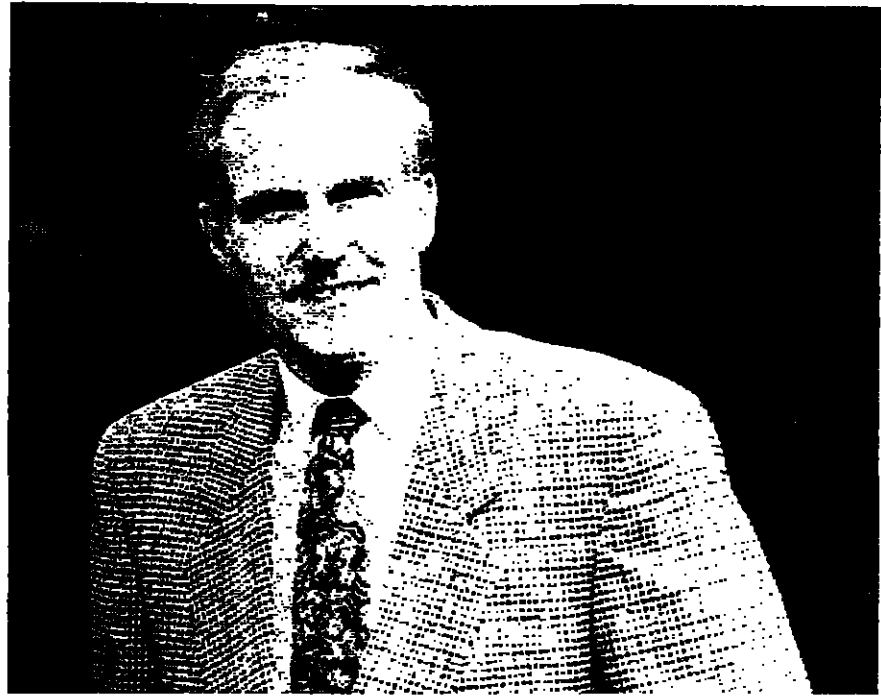
A We are glad for every year that passes without large loss events, but it is an illusion to believe that they will no longer happen. The market will certainly not go up without a worsening of results, for example due to catastrophes or to adverse trends in capital markets. However, I don't see that at the moment. Even the Asian crisis is having no dramatic consequences for reinsurers. It is affecting volumes and results, but not seriously.

Q You have asked your shareholders, through capital measures, for DM3.5bn. What will you buy with this war chest?

A We are not at war. Munich Re has always been on excellent terms with companies it has taken over. It does no harm for a reinsurer to have more equity. But we also want to see a good opportunity for an acquisition, or should Ergo do something big in this field and we are asked to participate in a rights issue with them.

Q Where might such a good opportunity be?

A I really couldn't say, without starting unfounded



Dr Schinzler's subtle strength has achieved much in five years at the helm of Munich Re

rumours. We have looked at numerous companies over time. There are also certain regions we find attractive - take Latin America, Asia or eastern Europe, although possibilities are limited there. We are looking for a solid, well structured company, which fits well into our existing operation. We also imagine that Ergo will expand in Europe, once it has digested the merger in Germany. Ergo is already the largest European group in private health and legal expenses.

Q Are you seeking a New York listing?

A We have no plans for that at the moment. But through the measures we have taken and will take, we will be in a position to be present in New York or on other stock exchanges once we think that useful. We don't know what the euro will bring; it

might make sense to be listed in Paris or London.

Q Don't you fear the "short-termism" New York would involve, for example the quarterly reports?

A This is really a problem. As a reinsurer you have difficulties getting the necessary data in time. Secondly, it can't be right that in this highly volatile business you are judged by one quarter, in which you might be hit by a big loss, while the year as a whole is good. General Re was the last large listed reinsurer - until it was acquired by Warren Buffett. They have always shown a very even combined ratio, which can only be achieved with retrocession and other equalisation instruments - but you don't get those for free.

Q You recently securitised a risk involving Japanese

storm cover for the first time. Will this be expanded in future?

A We are accompanying our customers and providing our expertise, in this case for our Japanese customer Yasuda. There is certainly enough capacity in traditional reinsurance. But people like to test other ways including securitisation, to prepare for a situation when capacity might be tight again. At the moment, the capital markets are comparatively expensive - up to four times what you pay for traditional reinsurance. Transaction costs are also higher, and the deals are very complicated.

Q Do you need a bank to foster this business? Swiss Re has its links with Credit Suisse.

A We have opted for a different approach. It is

attractive for banks if they can call on Munich Re case by case; for us it makes sense if we can decide on a similar basis.

Q You have just decided to pool asset management in the group in one company, led by Ergo. Do you see other ways of co-operating closely - for example in industrial business, when you need an insurer to front business that you do directly with a large industrial company?

A Joint asset management makes a lot of sense. A company managing more than DM200bn can easily employ a more profiled investment team than each of the group members. As far as other synergies are concerned, we really haven't thought of that.

Q Your closest competitor Swiss Re is doing business directly with large industrial companies. You have been more puritan on this subject, arguing that you only work through your customers, the primary insurers. Is that resolve waning?

A We have been in contact with captive insurers - and thus with industry - for decades, they are not a new invention. But we are neither very offensive nor spectacular in our efforts. We are giving precedence to our traditional business, trying not to compete with our customers. But the world is changing, and so are we. With American Re we have a group member that has a lot of experience in this field in its home market. We are currently defining our profile in this sector, together with American Re. We are not going to copy Swiss Re's strategy, but we can adapt to the needs of the market.

CATASTROPHE MODELLING • by Chris Lewis

Out goes the crystal ball

The mathematics of chance are gaining converts, but gut feeling still counts

Catastrophe modelling - a combination of science, statistics and finance - is propelling insurance out of the crystal ball era and into the age of the computer chip, replacing guesswork with probability and enabling better use of capital.

"The maths of chance are becoming more refined and, for any particular event the mathematical variations are going to be much clearer," says Rowan Douglas, managing director of WIRE, the risk information company.

As well as enhancing underwriting techniques, catastrophe modelling has opened a Pandora's box which could have far-reaching consequences. "Insurance and reinsurance are beginning to grow up and become more sophisticated. This has real implications for the market," says Mr Douglas.

In essence, modelling allows insurers to quantify catastrophe risk more accurately. It sprang from a series of disasters in the late 1980s and early 1990s - including Hurricanes Andrew and Hugo in the US, Typhoon Mireille in Japan and a clutch of European wind storms - which sent shock waves through the industry and wiped out several insurers.

"At that point it became important for insurers to demonstrate that they were in control of their portfolios by showing they had access to data about risks they were insuring," says Andrew Mitchell of Benfield Greig.

Catastrophe modelling now employs some 1,000 people and draws on the expertise of many more in academia. The main players are Applied Insurance Research, RMS and Equecat, in addition to which several reinsurers and brokers also have in-house teams.

Previously underwriters had relied largely on their own life experience and on their knowledge of historic losses. "But that is not a guide to the future. It's happened and won't happen



The Soho satellite uses sun shower analysis to look at catastrophe risks

again. Cat models can provide a probabilistic assessment of future loss potential rather than simply a summary or extrapolation of what's happened in the past," says Mr Mitchell.

Using modelling, underwriters can run thousands of "what if" scenarios through powerful computers, gauging the potential impact of hurricanes, earthquakes and other catastrophes on their portfolio.

"Most insurers these days are using some kind of modelling. We use AIR's Cat Map model. It runs about 75,000 events against anything you put in," says Mark Rayner, US catastrophe treaty underwriter at DP Mann.

Underwriters use the results to help with pricing, portfolio spread and capital allocation decisions. "We're not looking for the right answer out of the model necessarily, but it gives us a good feel for each account. The model also tells us how much money we need to support the portfolio of business across the whole book rather than on an individual account basis," says Rayner.

Catastrophe modelling also opens up new possibilities, both in product development and the field of alternative risk transfer. Benfield Greig sees opportunities for policies covering hazards such as dry rot, wet rot and rising damp, which have hitherto been hard to quantify.

Mr Douglas believes catastrophe modelling is bound up with the potential for alternative risk transfer. "At the broadest level reinsurance and investment banking are merging because it's all essentially balance sheet management. With the data the insurance market has begun to collect, allied with modelling occurring in other industries and academia, you are getting the fuel together to be able to calculate the price of risk."

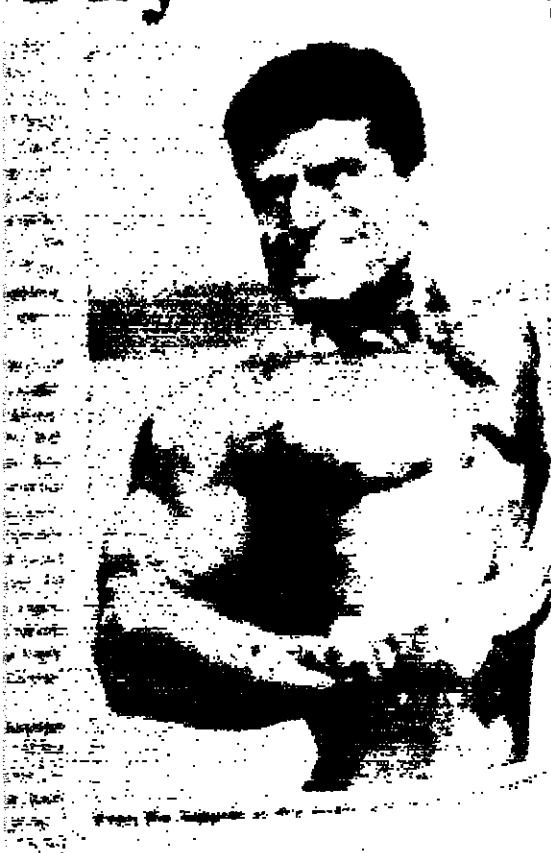
Catastrophe modelling also has implications for the contentious issue of real-time trading in risk, for example buying and selling cover as an Atlantic hurricane builds off the US coast. "If an insurer has a particular exposure in Atlanta, Georgia, he can wait until a

hurricane looks like it's going to hit before spending a lot of money on reinsurance programmes," says Mr Douglas.

Others are more cautious. Mr Mitchell believes that approach may be relevant to broader time-scales, such as switching capacity over several months in the wake of El Niño developments. Mr Rayner says short-term trading clashes with the present pricing structure of insurance. "You have to sell the prices that we're getting over time to sustain the big losses. If we're only going to sell when the wind begins to blow, we're never going to get a big enough attainable rate spread to cover the book."

One thing catastrophe modellers cannot predict is their own future. This new tool will take time to master and in the process new applications will arise and existing ones will be refined. "The models are still very much in their infancy. You can't plunge into this new area and expect to reach maturity within five years," says Mr Mitchell.

Body-building



perspective

"Structuring complex reinsurance programs today demands superior financial strength and technical expertise. In Latin America's constantly evolving markets, clients also require new ways of thinking about risk management as well as the promise of long-term commitment. Our decades of collective experience in the region gives us a unique view of what clients need. Our perspective is among the most valuable services we provide."

Richard Meyer, Chairman and Chief Executive Officer Latin American Re



An Exclusive Focus for a Dynamic Region

LATIN AMERICAN RE

4 REINSURANCE

LIFE REINSURANCE • by Patrick Jenkins

Move to balance catastrophe portfolios

Reinsurers are intent on boosting their life and health business

Life reinsurance is the antithesis of catastrophe reinsurance. It is as predictable as catastrophe business is unpredictable. Because of this variance, traditional property/casualty reinsurers, many with high catastrophe exposures, are moving into life business. They want to balance the low frequency/high severity business of catastrophe cover with the steady asset-liability profile of life reinsurance. The extreme example of this – a Bermudian cat reinsurer buying a life reinsurer – has yet to happen.

Swiss Re has been the most active investor in life and health reinsurance risks. In August 1996, it acquired Mercantile & General Reinsurance, the last British reinsurer, for \$2bn. M&G Re was soon stripped of its unattractive non-life business – the US subsidiary was sold to Toa Fire & Marine barely a year later for \$200m – to enable Swiss Re to build its life book quickly and easily.

In December 1996, Swiss Re swept aside the competition to make the relatively small acquisition, for little more than \$300m, of Italian life reinsurance specialist Unione Italiana di Riassicurazione (Uniorias). In July this year, the trail was continued with the \$1.8bn purchase of Life Re Corporation of the US.

Swiss Re now controls around 20 per cent of the world life reinsurance market, including nearly 50 per cent of the UK market. It is only really in Germany and France that Swiss Re feels underweight. But John Coomber, divisional chief executive of Swiss Re Life & Health, denies there is an urgent need to make local acquisitions.

Other reinsurers are similarly intent on boosting their life and health business. Hannover Re was the company that Swiss Re beat off to take control of Uniorias. The other top names, from Munich Re to the US quintet of General & Cologne Re, Lincoln National, Transamerica, Employers Re and

RGA, all have significant market share (see table).

The increased interest in the life and health market is one of the most extreme, yet subtle, changes in the reinsurance field since Bermuda developed as a catastrophe reinsurance location.

The most obvious attraction aside from the fundamental chance to balance exposures is the volume of business that will be spawned by welfare reform across the developed world. Critics of the traditional life reinsurer would also argue that a third motivation is simply the money that can be made in this market. When one reinsurer holds as large a share as Swiss Re, the competitive pressure on margins is relatively slight.

However, this plump cushion could well be pulled away if the new forces in the market gain strength. Life reinsurers have tended to do their business direct with the primary life companies, without using a broker as is normal in the non-life market. Primaries have felt happy with this. After years of face-to-face deals with a trusted reinsurer, an insured considers that it is getting special bargain treatment. Some brokers are trying to shake up this perception, and a couple of small-scale deals have been done in the UK over the past year, in which a big broker has assembled a pool of reinsurers to undercut the expected price of a direct deal between primary and reinsurer.

Doubts about adding an intermediary to the process could nevertheless slow the development of this kind of deal. It is certainly not receiving the kind of attention being paid to life bonds, which also have a parallel in catastrophe business.

Swiss Re is the obvious candidate to launch a life bond. It dominates the traditional life reinsurance market, and has a sister, Swiss Re New Markets, that specialises in structuring alternative arrangements. So far, the group has been inactive, although Mr Coomber admits he has ambitions in this area. In particular, he may be hatching a plan to take advantage of the weakness of the Japanese life sector. If he can persuade conservative Japanese managers to abandon their



Co-operation rather than cannibalism will be the secret of success in advancing the culture of alternative life reinsurance

distrust of financial life reinsurance, a securitised deal between Swiss Re and one of the more secure Japanese life companies could soon materialise.

So far only two fully fledged operations have been completed. In April this year, Hannover Re made big play of being the first company to securitise life business. It bought a security to help offset new life business "acquisition costs" – principally expensive broker commission – which cannot be amortised under German law but must instead be booked immediately. In practice, it was retroceding up to DM100m of life contracts to Interpolis Re, a reinsurer specifically set up by Rabobank to take the Hannover Re business, with the aim of passing it on to the capital markets. Hence the securitisation label. At the time the deal was struck, however, only Rabobank was backing it, effectively making the bank no more than a traditional reinsurer. Hannover Re admits other backers have yet to come forward to give it a more genuine securitisation feel.

Wolf Becke, Hannover's executive director in charge of life business, says this was just a trial run. He expects to make a call for an expansion of the programme some time next year, and stresses there is plenty of room for further developments. Securitising business other than the current focus of central European life policies is the obvious next step, but Mr Becke also cites opportunities in annuities and the future profit stream of existing business.

Attractions of securitisation

■ Although some say insurance securitisations are still so new that they are uncompetitive, Simon Pearson, project manager for NPI's deal, says his "gut feeling is that it is 1 per cent per annum cheaper" than an equivalent financial reinsurance operation.

■ A deal can be done over a longer period. Reinsurers are loath to write a policy for longer than 10 years; the NPI securitisation has a 24-year duration.

■ The instruments are, theoretically at least, tradeable.

■ In that this kind of deal is a capital-manipulation tool, mutuals will find it of particular appeal, constrained as they are from raising capital in other ways.

■ As long as the bond is sold to cover life business (as opposed to pensions), the interest on the loan will be tax-deductible under UK tax law, making the average cost of capital in the NPI deal a fairly cheap 5.98 per cent.

■ As with other forms of capital reactivation, such as the more normal financial reinsurance option, securitisations free up dead assets, which can be subsequently reallocated for investment purposes (perhaps in more risky equities or property) or for expansion.

CASE STUDY NPI

Deal may be a leader

National Provident Institution (NPI) made headlines in April when it announced a £260m life business securitisation. Relatively little has been said about the details of the operation. It was structured in two parts – the first for £140m, which carries a 7.39 per cent coupon, will be paid off over 14 years; the second for £120m, which carries a 7.59 per cent coupon, will be paid off over 24 years.

Since the risk profile of a life company's portfolio is so stable, at least relative to a non-life insurer with some catastrophe exposure, life reinsurance is always more about financial juggling than risk transfer.

Although obliged by solvency regulations to hold a certain proportion of its assets in reserve to cover the policies it has underwritten and will have in force, NPI decided that the figure was excessively cautious and sought a way to free a portion of those dead assets.

Analysis yielded a figure of £467m as NPI's value in force (VIF), the sum which was deemed surplus to reserving necessity. To secure the A-/A3 credit ratings from Standard and Poor's and Moody's that it wanted, NPI chose only to securitise £260m, although the deal incorporates the facility to increase this by a further £30m if investors agree. The bond was placed via an Irish special purpose vehicle to maximise tax efficiencies for the principal sum and investment returns.

The contractual amortisation structure of the deal means investors receive a set sum each year, provided NPI's business and operating surplus perform as projected. If they do not, the pay-back can be deferred indefinitely, so that under a worst-case scenario investors lose their principal, although there is an emergency dip-in fund to safeguard against default of repayment.

David Newby, of SBC Warburg, the lead bank on the NPI deal, expects to announce details of at least one other similar operation before the end of the year. The NPI model will be particularly attractive to mutuals, because of the capital flexibility it facilitates, and to life insurers with a relatively small proportion of pensions business. This puts a range of UK life insurers into the frame – from the largest mutual,

Standard Life, down but also limited liability companies, such as the Prudential.

NPI's deal was presented as innovative but some industry experts believe the market will view it in the same kind of light as surrounded the Scottish Amicable contingent loan issue about five years earlier. That had the same effect of raising capital in regulatory accounting terms, and buying debt in the financial accounts. Other surplus relief deals have been done since, although the NPI deal was the first to go to the capital markets.

According to some critics, the NPI deal is another of the alternatives to straightforward reinsurance, which have previously involved financial reinsurance, derivatives and contingent bank loans.

Although the NPI deal is claimed to be innovative, a new breed of security must be liquid to prosper, and NPI bonds have been barely traded, they argue. The future is likely to develop along different lines, with co-operation rather than cannibalism likely to be the secret of success. Indeed, a number of different financial disciplines is converging on reinsurance as a potential new business area, each with a distinctive contribution to make.

Reinsurers should concentrate, critics say, on what they are good at – understanding the business of risk; analysing and projecting the dynamics of the business; and, ultimately, assuming risk.

Historically, at least, reinsurers have not been good at lending. This, clearly, is where the merchant banks can fit in. If there is a place for brokers, it is, predictably, in a mediating role. One senior reinsurer involved in securitisations is convinced that his colleagues should stick to what they know. "If I were doing the NPI deal, I would have the reinsurer take the volatility, and then get the funding from the capital markets."

This is remarkably similar to the structure of a brokered deal that went through in secret last year. That operation saved the primary company more than 50 per cent of its premium stream over the next 20 years, thanks largely to the reinsurers' keenness to get involved in this area, even at uneconomic prices.

DB
Dun & Bradstreet

"A key component of my business process"

Jeff Jackson, Finance Manager
Borg Mott MacDonald

"D&B offers me the world's best database of credit information along with the flexibility and a clear understanding of my business objectives".

"When I open a new account, I know that a D&B Company or Comprehensive Report will give me the level of data I need to assess initial risk. With existing accounts, D&B's Monitoring Service highlights detrimental changes so that I can take evasive action. When it comes to targeting potential customers, D&B can also give me credit vetted marketing leads. It's this ability to give me the whole picture that makes D&B a key component of my business process".

For information on how D&B can help you, call **0800-001234**

Visit our Website at <http://www.dunandbrad.co.uk>

Keep up to date with the Update!

The **Bermuda Insurance Update**® is the official journal of the Bermuda insurance industry. Published four times a year, the **Update** has a readership of 13,000 and is available on the industry's web site (www.bermuda-insurance.org) as well as in print. Either way, the **Update** is supplied free of charge.

To be added to the **Update** mailing list, call the Bermuda market's information office on 441-292-9829 or fax a request to 441-295-3632. You can also e-mail us on feedback@bermuda-insurance.org.

JAPANESE INSURANCE:
The impact of deregulation

Claire Preston

This is the only report to cover the region's reinsurance, non-life and life in a single volume. It gives you the expert analysis you need to exploit the opportunities that have resulted from the 'big-bang'.

FT
FINANCIAL TIMES

Financial Times Surveys

FT Director

Friday November 20

For further information please contact:

William MacLeod in London
Tel: +44 171 873 3699
Fax: +44 171 873 4296
email: william.macleod@FT.com

FINANCIAL TIMES
No FT, no comment.



LONDON MARKET

Lloyd's squeezes harder

Christopher Adams examines a market that is shaving margins to win business

London's pre-eminence as the reinsurance centre of the world suffered a hard knock when Lloyd's, the 310-year-old society at the heart of the market, nearly collapsed two years ago. Heavy losses from a series of natural catastrophes and US environmental liabilities damaged client confidence and London lost market share to a new breed of reinsurers in other global centres such as Bermuda.

Lloyd's share of worldwide non-life premiums was 1.8 per cent in 1994 and is believed to have declined since. The market specialises in marine hull and cargo liability insurance, energy and aviation risks, property, professional liability and motor cover. It has the capacity to write £10.2bn of business, almost half of which is reinsurance.

The struggle to reclaim market share may not bear fruit for several years. In the short term, at least, it will erode margins.

But in a bid to increase efficiency and punch above their weight in the international ring, the agents who manage Lloyd's underwriting syndicates, have embarked on an unprecedented wave of restructuring.

Many are forming links with corporate capital to create conventional insurance and reinsurance companies.

The pace of mergers and acquisitions reshaping the market has been fuelled by the huge volumes of excess capital worldwide. Bermudian companies, in particular, have been using bulging resources to extend their reach in London.

Ace bought Charman Underwriting, one of the most profitable underwriting agencies at Lloyd's, for

\$315m in June, a deal which gives it control over 9.3 per cent of the market's capacity. Just weeks later, Murray Lawrence merged with Angerstein, the corporate investment vehicle, in a £115m transaction.

"Scale is important in reinsurance," says Max Taylor, chairman of Lloyd's. "Massive reserves and access to capital give you strong security."

Lloyd's has been making changes to improve its financial security as part of efforts to ensure that past problems are not recreated.

Under legislation to be enacted in the next two years, overall responsibility for the regulation of Lloyd's will transfer from self-control to the new Financial Services Authority.

The transformation of Lloyd's into a business supported for the most part by corporate capital - only about 40 per cent of the business the market writes is

ILU/Lirma merger stalled

All the world's top insurers have offices in London, known collectively as "the company market". For nearly a year they have been working to form the International Underwriting Association (IUA) of London by merging two trade associations, the marine-focused Institute of London Underwriters (ILU), and the non-marine London International Insurance and Reinsurance Market Association (Lirma).

The IUA will be the world's largest coalition of reinsurers, dominating London's reinsurance market.

Lirma members wrote about \$5.5bn of the \$9.6bn in treaty reinsurance which came to London in 1996, and the ILU \$800m. Lloyd's share was \$3.3bn. Members' parent companies are also stakeholders in Lloyd's, controlling about a quarter of its corporate capital.

"The IUA will be uncompromisingly international," says Marie-Louise Rossi, the IUA's chief executive designate.

At present members must be licensed in an EU country, so many important US and Bermudian

reinsurers cannot join, but the blueprint for the IUA includes expansion to encompass more territories.

The combination cannot proceed until the ILU sorts out a liability of £4.7m related to its flagship building on Leadenhall Street. That mess has caused repeated postponement of the IUA's creation. Market sources say the new deadline of the end of this month is still unlikely to be met.

But Lirma and the ILU say their members strongly favour the merger, and insist it will go ahead this year.

As London's reinsurance market comes under increasing competitive strain from around the world, rationalisation is all-important.

"London continues to enjoy tremendous respect, but we must make ourselves more efficient, quicker, and easier to understand for our customers," says Tim Carroll of EBC Frankona, chairman designate of the IUA. Ironing out the technical rucks and finalising the merger would be a good start.

Adrian Leonard

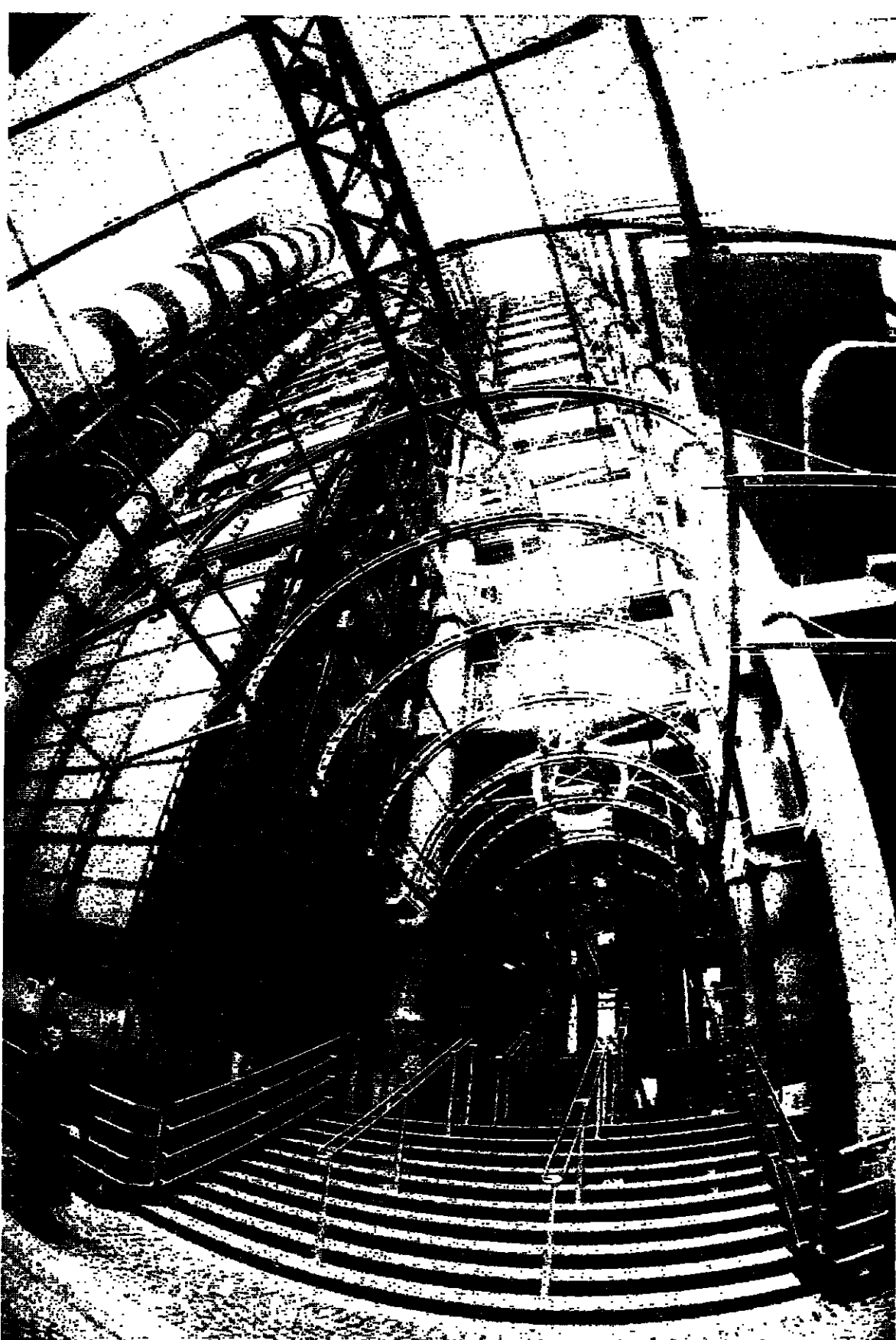
now backed by Names - is likely to result in the demise of the long-standing business practice where underwriters are obliged to raise fresh funds each year. Standard & Poor's, which began rating Lloyd's financial security last year, says this should be welcomed.

"The annual venture is an increasing source of commercial disadvantage and there is an overwhelming case for continuous capital to replace it. Long-term insurance policies are an increasing feature of the global marketplace. Although such policies are written by Lloyd's, they are difficult to administer."

Lloyd's comeback has been helped by record profitability three years in a row. Under its three-year accounting system, the market in May announced profits of £1bn for the 1995 underwriting year, the result boosted by an absence of natural catastrophes. But it warned that returns had since fallen significantly, hurt by intense competition. The Institute of London Underwriters, one of the London market associations, estimates that premium rates in aviation markets, for example, have fallen up to 30 per cent this year, despite a jump in the insurance cost of air crashes, which hit near-record levels last year.

Pressure to improve efficiency will therefore intensify. Mr Taylor, who succeeded Sir David Rowland this year as chairman of Lloyd's, has pledged to reform distribution methods and cut costs so that the market retains its share of worldwide premiums. Lloyd's conducts its business through brokers, who charge fees or commission for their services. The market could modernise its approach to broking, he says.

"We also need to develop a strategy for administration and claims handling. Co-operation with the rest of the London market is a major opportunity."



Lloyd's is expanding its reach again after a tough few years of losing business to the competition

PROFILE Equitas

Away from the unknown

When Bermuda's upstart insurance companies formed in the mid-1980s to provide new capacity to insure liability risk, they offered the certainty of clean, unencumbered capital. Claims against old insurance business could not come back to weaken them, so there was no potential knock-on effect for current policyholders.

Equitas, the reinsurance vehicle set up to take on Lloyd's 1982 and prior liabilities, did the same thing for Lloyd's. The world's oldest insurance market is no longer a hostage to the fortunes of policies written decades ago.

Instead, Equitas has inherited the uncertainty. The purpose-built reinsurer has assumed obligations of approximately £22bn before discounting, although the exact and final amount is not yet known. Hence an audit qualification appears in the Equitas accounts. Coopers & Lybrand (now PricewaterhouseCoopers) said "there are significant

uncertainties as to the accuracy of the provision for claims outstanding... reinsurers' share of claims... and reinsurance recoveries".

However, little by little Equitas finance director Jane Barker is swapping unknowns for certainties. The latest such exchange came in mid-August, when Equitas received what is expected to be its final payment from Lloyd's to cover the cost of running off the market's old liabilities.

Under the original settlement arrangements for the creation of Equitas, Lloyd's was to make a payment in 2002 of between £0 and £100m. "It was effectively an interest rate option," says Ms Barker. "After all of the statements had been sent to Names stating how much they owed, interest rates moved in favour of Equitas. It was agreed that in recognition of that, we would take £100m less." The numbers for the Settlement Offer Document - the agreement between Lloyd's and Equitas, struck

as part of the market's Reconstruction and Renewal (R&R) recovery programme - were calculated, then reduced by £100m. "We accepted, with the proviso that if interest rates did not stay at these new rates over the first five years, Lloyd's would have to make a payment to us, of anywhere between zero and £100m," she explains. The potential default of R&R instalment payments by brokers was also covered by the agreement.

In order to rid itself of some uncertainty, Lloyd's approached Equitas and asked to settle the debt early. "Lloyd's came to us and said 'we would really like to take this contingent liability out of our balance sheet' and we said, 'okay, at a price'."

While Ms Barker has come under fire from some quarters for accepting less than £100m, she reminds critics that the ultimate payment could have been nothing. "If you had asked both Lloyd's and Equitas on September 4 1998 'is there any chance this will pay out?', I think both parties would have said 'probably not'."

Instilling certainty, Equitas maintains, is essential to the ability to manage the business in each of its three core functions: finance, claims, and reinsurance recovery. Another slice of certainty in Equitas's portfolio of assets is about 130 inherited "time and distance" (T&D) insurance policies, financial instruments similar to bonds, but including an element of reinsurance risk transfer. T&D policies were purchased by almost every Lloyd's syndicate during the late 1970s and 1980s, for both their tax and cash-flow benefits. They are now listed in the Equitas accounts under the "investments" heading as "financial reinsurance". The policies, worth a discounted £1.45bn in the most recent audited accounts, are seen by Equitas as a very solid holding. "I see them as being much more akin to our financial investments," says Ms Barker. "They are a guaranteed stream of income with no risk other than credit risk. They are not uncertain." Indeed, Equitas need have little worry over the credit

worthiness of the issuer, for almost all the time and distance policies are underwritten by Zurich Group through its subsidiary Centre Re. The latter purchased a Bermudian company, Pinnacle, which had had the lion's share of the Lloyd's T&D market. Ms Barker would settle the T&D policies, but like any deal led by this tough negotiator, the price would have to be right.

Equitas itself may pass on some of its liabilities to the alternative risk transfer market, but is not permitted to shift any assets out of its coffers without the approval of the Financial Services Authority. "It is a pretty fair restriction, but it does limit us a little bit in terms of any flight of fancy we might have in terms of alternative risk transfer," Ms Barker says. She concurred that a sale of Equitas would be the ultimate form of risk transfer, but reaffirmed that no approaches have been made by potential buyers. She said that the uncertainty in the company's book of business - once described as the "garbage heap" of the insurance industry - is sure to discourage any serious potential buyer.

However, issuing a bond which could, for example, protect Equitas against an ultimate shortfall in the cash needed to meet its liabilities is "technically feasible," Ms Barker says. "It is not something that we are actively considering, but it is on our list of things to look at." However, she believes the audit qualification would make the pricing of the bond extremely difficult. "You can't transfer uncertainties, but you can transfer measurable risk. Purchasers of bonds would want us to move into a more certain environment, through data qualification, in terms of what we've got." The omnipresent problems will stymie a move to the capital markets for the near future. While Equitas staff continue to sort through the company's reams of paper records to establish its exact position, certainty on all fronts remains elusive.

Adrian Leonard



Jane Barker is a tough negotiator

Casualty
Property
Risk Financing
Claims Management
Professional & Financial
Reinsurance
Engineering
Marine

An enlightened approach to insurance

Royal & SunAlliance is one of the world's largest non-life insurers, with assets of over £60bn and a network spanning 132 countries.

For an enlightened approach to the insurance and reinsurance markets, contact Royal & SunAlliance.

ROYAL & SUNALLIANCE

6 REINSURANCE

PROFILE Steven Gluckstern

Super alternative risk shopkeeper



Steven Gluckstern: alternative reinsurer and ice hockey fanatic

Tap the name Steven M. Gluckstern into your web browser and 500,000 page entries will appear, mostly to do with ice hockey. But 47-year-old Mr Gluckstern, who owns the National Hockey League's New York Islanders, is better known in reinsurance circles as the mercurial talent behind Bermuda's ground-breaking alternative risk shop, Centre Re, and New York-based Zurich Re.

His latest venture, Capital Z Partners, is an asset manager of alternative investment pools which includes Capital Z Financial Services Fund, a \$1.8bn private equity fund specialising in insurance and reinsurance companies. Following restructuring at parent Zurich Insurance Group, Mr Gluckstern remains non-executive chairman of Zurich Re and the re-named Centre Solutions. Does he find it difficult to settle down? "As an entrepreneur, I get more enjoyment out of creating than managing," he admits. "The maintenance of organisations is important - but it motivates me less."

Ten years ago, as chief executive officer of the fledgling Centre Re, Mr Gluckstern introduced the revolutionary idea that reinsurance contracts need not be restricted to a one-year term and could include an element of profit-sharing with the reinsured. Since then, Bermuda has flour-

ished as a source of alternative risk finance and the re-branded Centre Solutions has grown into a company with total assets of \$7.8bn.

Mr Gluckstern admits the island's success is due not only to its friendly tax environment but also to a laid-back regulatory attitude. "Bermuda doesn't lack supervision - in fact it's a very efficient system compared to the US," he says. "It has the benefit of zero corporate tax but it also has zero personal tax and that makes it an attractive place to work."

The arrival of investment banks Goldman Sachs and Lehman Brothers on the island, in the guise of reinsurers Arrow Re and Lehman Re, is seen by Gluckstern as the beginning of a new era in reinsurance. "If these companies can unlock the process - from reinsurance syndication to securitisation - it will have a profound effect on the industry," he says. "Consolidation was the key word five years ago, convergence is the word of today."

Centre Solutions made its debut on the capital markets with a successful issue of \$83.5m in catastrophe bonds this year. The placement, led by Goldman Sachs, is linked to a catastrophe excess of loss (catXL) programme written for a Florida homeowners insurer. Mr Gluckstern believes cat bonds have achieved only

modest success with issuers because there is ample capacity in the traditional catXL market, and also because the bonds are not yet sufficiently attractive.

"First, there's not a wide enough market and second, the way bonds operate is not sufficiently transparent," he says. Buyers of risk need an index, he explains, so they can compare the instrument to a T-bond or an issue of General Motors subordinated debt, for example. Investors' hearty appetite for non-correlated risk and their desire to diversify their portfolios with instruments whose outcome depends on events not linked to economic conditions will ensure their acceptance eventually.

Mr Gluckstern is so convinced that reinsurers' future fortunes are embedded in the mainstream markets that he even plays down the importance of their core exposure to natural catastrophe losses. "There's so much capital in the reinsurance business today, because of good underwriting and an incredible run on the capital market for the last 1,000 days or so, that I would be shocked if an event leaves much of an impact on it - short of Tokyo falling into the ocean," he says. "The catalyst will be a big crash in the capital markets, not a 'quake' or a storm."

Garry Booth



Thin ice: Steven Gluckstern says the catalyst will be a big crash in the capital markets

BERMUDA • by Garry Booth

Market adapts to change like a balloon being squeezed

The island is shifting away from mono-line catastrophe reinsurance

Bermuda's reinsurance market adapts to change in the global market like a balloon being squeezed: it con-

tracts in one place but expands in another. Increasing competition and falling premium rates in the island's specialties of excess liability, finite risk and catastrophe excess of loss (catXL) business is leading Bermuda's companies to diversify and consolidate. At the same time, continu-

ing convergence between financial and insurance products is promoting Bermuda's growth as a centre for state-of-the-art alternative solutions. Merger and acquisition in the island's catastrophe reinsurance market, born five years ago in the aftermath of Hurricane Andrew, has reduced

the original group of eight specialists to three (IPC Re, Renaissance Re and LaSalle Re). Tempest Re and Cat were acquired by Ace while Global Capital Re and Mid-Ocean Re fell to Exel. Partner Re abandoned its mono-line status when it acquired French reinsurer SAFR.

Ace and Exel, pillars of the market with \$10bn in assets between them, want to use their acquisitions to widen their global reinsurance activities and supplement their interests at Lloyd's. Exel bought Mid Ocean earlier this year to create XL Mid Ocean Re in a deal which valued the now widely diversified company at \$2.6bn. Through its 1995 acquisition of the Brookbank Group, Mid Ocean has a strong presence at Lloyd's and also has offices in Munich and Singapore.

Most Bermuda companies' capital has risen rapidly while core business has stopped growing, says Herbert Raag, president of Partner Re. "Rather than give it back to shareholders, these companies have been forced to put it to work," he explains. Faced with the choice of building or buying business, they have opted for the latter, as a less painful option.

But if Bermuda's established operators are expanding into the traditional market on the bigger stage, their offshoots and other newcomers are adding to the island's reputation for producing unorthodox solutions to new problems. Among a crop of new formations, Latin American Re, for example, formed by Exel and US-based Risk Capital Re, specialises in risk financing for Latin American non-life companies. Epicentre Re, set up by Centre Solutions with an ini-

	Reinsurance premiums accepted by Bermudian companies					
	1991	1992	1993	1994	1995	1996
CEO	\$bn	\$bn	\$bn	\$bn	\$bn	\$bn
Workers comp	674	863	1,084	1,305	1,524	1,945
General liability	771	924	1,162	1,298	1,524	2,045
Product liability	48	62	77	93	109	125
Professional liability	0	0	0	0	11	17
Marine & aviation	48	62	77	93	109	125
Catastrophe	337	431	542	559	633	856
Specialty	1,011	1,232	1,627	1,856	2,395	3,276
Satellites	144	195	232	373	435	570
Other	0	0	0	0	109	180
Total	1,782	2,403	2,943	3,449	3,908	4,922
	5,254	6,036	7,150	8,428	9,400	11,934

Source: Datacenter Global Reinsurance Database/Bermuda Monetary Authority

Compared annual totals

tial capital base of \$250m, writes multi-year cat programmes on a finite risk basis. Another new company, Ram Re, a mono-line reinsurer of asset-backed securities and municipal bonds was launched earlier this year following a \$60m private placement. Shareholders include The PMI Group, the San Francisco mortgage insurer, and Robert A. Meyer, Ram Re's chairman, president and chief executive officer.

Significant new arrivals are cat reinsurers Lehman Re and Arrow Re, so-called transformer vehicles set up earlier this year by US investment banks Lehman Brothers and Goldman Sachs. Both companies want to take advantage of the growing appetite for catastrophe risk among capital markets investors. By writing business in conventional forms and then laying off the risks to the capital markets, the companies aim to elimi-

nate the costs and delays associated with cat bond structures. Previously, special purpose vehicles have been used in cat bond issues, increasing attritional costs. The convergence of insurance and banking is good news for Bermuda, says William Woods, chief executive officer of the Bermuda Stock Exchange. "With onshore jurisdictions you have to deal with different supervisory bodies covering the different financial activities," he explains. "In Bermuda we have a simpler structure with only one regulator to satisfy. That's why you're seeing transformer vehicles like Lehman Re and Arrow Re setting up in Bermuda."

A joint venture between the Bermuda Stock Exchange (BSX) and New York-based Catex sees the launch later this year of a screen-based market for trading catastrophe risks.

In a similar move, the Bermuda Commodities

Exchange (BCOE) opened for business earlier this year with 20 members including investment banks, institutional investors and Bermudian reinsurers. Trading in US cat options at the BCOE is based on the Guy Carpenter Catastrophe Index which reflects damage to property in regions of the US exposed to atmospheric perils. Bermudian companies are not immune to the problems stunting growth in the wider market. Total net premiums written by the big reinsurers who make up Bermuda's category four companies dropped 7 per cent to \$2.4bn in 1997. But the combination of light taxation and flexible regulation means that Bermuda companies can respond quickly to new opportunities. At a time of convergence between the insurance and financial markets, that agility is more important than ever.

Garry Booth is author of the FT magazine report: Bermuda: Insurance and Reinsurance Centre

US OPERATORS • by John Authers

Timely increase in weight

The threat of big losses could make the latest capital-enhancing deals very welcome

Reinsurance finally made the headlines in the US this year. The industry had to share the attention with Warren Buffett, the world's most successful investor, but it still demonstrated the industry's growing health.

The next few months, with world stock markets tumbling and the recurrence of what appears to be a severe hurricane season in the north Atlantic, will put the new-found strength to the test.

Late on a Friday afternoon in June, Mr Buffett's Berkshire Hathaway conglomerate announced that it was buying General Re, comfortably the largest US reinsurer, in a stock swap valued at more than \$22bn. At the time, it was one of the 10 largest corporate acquisitions ever recorded.

The deal has not yet been completed, but will create a "400-pound gorilla" of a company, which will be difficult for any competitor to match.

Mr Buffett, whose main interest throughout his investing career has been insurance, stressed the effect of Berkshire's capital on General Re's competitiveness.

He said that the constraint of earnings volatility had "caused General Re, in the past, to decline certain attractive businesses and, in other cases, to lay off substantial amounts of the business it does write". Underwriters could now be more aggressive.

He added that the weight of Berkshire's resources would allow General Re to follow "whatever asset strategy makes the most sense, unconstrained by the effect on the capital of the company of a sharp market decline".

Alan Murray, insurance analyst at Moody's Investors Service in New York, commented that the disparity in size between the new company and its rivals would be "staggering". He added: "This company's sheer ability to assume a tremendous volume of risk could make it a unique company."

No other company could match this deal for scope or ambition, but other

operations have shown similar forces at work. In August it was announced that Kemper Re was selling to GE Capital, the financial services arm of General Electric, for a sum of about \$1bn.

A specialist in medical liability reinsurance, Kemper Re seemed to be following the logic of a situation in which the big companies' were growing bigger, and found a large partner.

The common thread to both deals was capital. Kemper Re, like General Re, saw that a reinsurer armed with the capital that comes from being part of a large conglomerate like Berkshire Hathaway or General Electric has much greater power to set prices aggressively.

Reinsurers in North America were already prospering. While premium rates were still falling, analysts believed that underwriting discipline had improved, with loss ratios falling. Two external factors helped in particular.

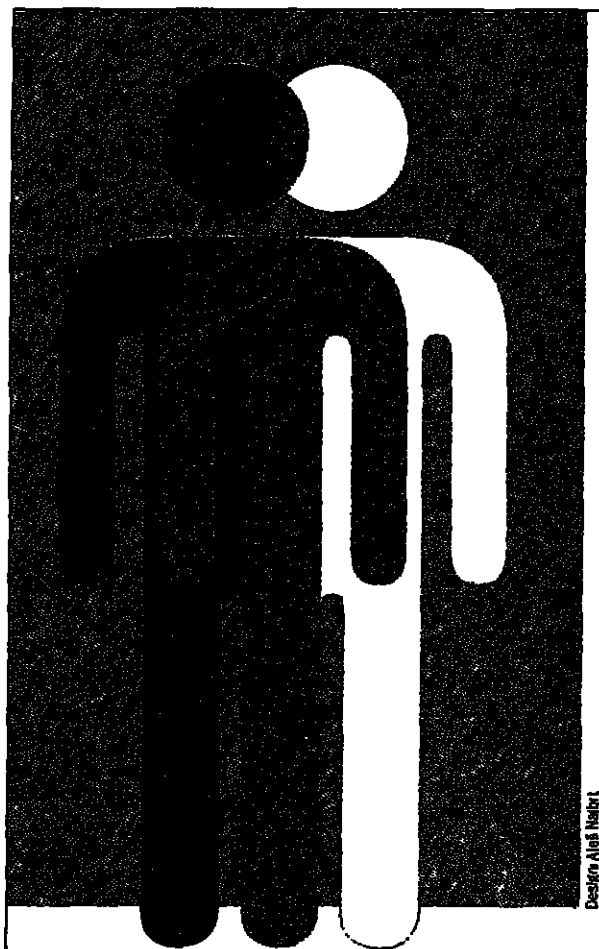
First, catastrophe losses in the US were the lowest of the decade in 1997, allowing the industry to rebuild reserves and, in the process, fend off the potential threat from securitisation. With

premiums from reinsurers falling, it was hard for the capital markets to compete, and barely any more securitised reinsurance products were launched this year than last.

Second, reinsurers could enjoy spectacular returns from the equity markets. With the S&P 500, the main benchmark for the US equity market, up 50 per cent over the year at one point in March, reinsurers were able to build their capacity further.

Both these factors suddenly seem more questionable. The second quarter of this year saw a sharp increase in catastrophe losses for property/casualty insurers, mostly as a result of storms in the mid-west and the north-east, and away from the regions where the industry had tried hard to diminish its exposure.

By the end of August, with Hurricane Bonnie having apparently inflicted serious damage on the coast of North Carolina, and meteorologists suggesting that several more Atlantic hurricanes were possible, catastrophe losses were likely at least to return to the norm.



PARIS - NEW YORK - TOKYO - SYDNEY -

LONDON - MILANO - ABIDJAN - RIO DE

JANEIRO - HONG KONG - MADRID -

AMSTERDAM - MIAMI - MEXICO - BOGOTA -

HANNOVER - CHICAGO - SEOUL - DALLAS -

HARTFORD - SAN FRANCISCO - HAMILTON -

STAMFORD - TORONTO - MONTREAL -

SINGAPORE - PARIS...



SCOR

The Insurer's Insurer